

FINANCIAL GUIDELINES 2020

Subject: Financial Guideline for development cooperation projects of the Slovak Republic financed by the Slovak Agency for International Development Cooperation (SAIDC)

Designed for: Applicants and Beneficiaries of Grants under development aid projects of the Slovak Republic financed by the Slovak Agency for Development Cooperation

Issued by: Slovak Agency for International Development Cooperation

Purpose: Establishing the rules and procedures for submitting applications and usage of Grants, including determination of the method applied for financial reporting pursuant to applicable legal regulations of the Slovak Republic

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Approved by:

Director of SAIDC

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Definitions

Grant	Financial support provided pursuant to Section 8 (a) of Act No. 523/2004 on Budget Rules of Public Administration and on changes and amendments to some other acts and pursuant to special regulation No. 392/2015 on Development Aid and on changes and amendments to some other acts (“the Act”).
Applicant	The subject applying for a Grant.
Beneficiary	The subject for whom the Grant was approved by a decision of the Minister of Foreign and European Affairs of the Slovak Republic (contractual partner of SAIDC).
SAIDC	Slovak Agency for International Development Cooperation
Donor	The subject providing the Grant. For the purposes of this guideline, this subject is SAIDC.
Project budget	This represents an estimate of project implementation costs. It consists of the provided Grant and the contribution by the Applicant/Beneficiary (co-financing pursuant to Section 7 (5) of the Act). Should the Applicant be a body financed from the state or public budget, co-funding is not required.
ODA budget	The approved Grant amount provided for the project pursuant to the Grant Agreement.
Project implementation period	The project implementation period includes only the period of implementing project activities.
Total project implementation period	The total project implementation period includes the period of implementing project activities and administrative completion of the project. This typically exceeds the actual project implementation period by two months. It is identical to the term of the Agreement.

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1. FUNDING PRINCIPLES

The Beneficiary is obliged to implement the project in compliance with the concluded Grant Agreement. This agreement precisely specifies activities, objectives and the amounts of grant and project co-financing.

The funds provided by the Slovak Agency for International Development Cooperation (SAIDC) are solely to finance activities related to project implementation. The Grant may not be applied to other purposes or projects, even for a temporary period.

Grants are provided from the state budget, and the Beneficiary is therefore obliged to comply with applicable legal regulations of the Slovak Republic, in particular, the Act on Budgetary Rules, Act on Accounting, Act on Reimbursement of Travel Expenses, Act on Financial Controlling and Audit, Act on Public Procurement, Labour Code, Civil Code, Commercial Code and the like.

1.1 Budget

A project budget with a detailed comments section is a mandatory annex to the Grant Application.

A Committee of the Ministry of Foreign Affairs and European Affairs of the Slovak Republic ("MFA") will assess the prudence of budgeting in terms of effectiveness and efficiency criteria. The Assessment Committee may recommend the application for approval, or recommend rejection. For applications, which need to be adjusted, the Assessment Committee may decide about the suspension of the Committee session. If the Committee session on the application is suspended, SAIDC will be negotiated with the Applicant about the necessary modification of the Grant Application (eg checking the eligibility effectiveness of the budget). Not later than two weeks after these negotiations, the Applicant is obliged to make changes reflecting the comments of the Committee into the Grant Application. Then, the Grant Application will be recommended again to Committee for per rollam voting. The Minister of MFA SR decides about applications recommended for approval. After the decision on application approval is issued, SAIDC will send the Applicant a written proposal to conclude an agreement within 5 working days. The Applicant is obliged to conclude an agreement with SAIDC within 3 months after the approval of the Minister of MFA SR. The decision of the Minister of MFA SR is valid for 3 months. In case, that the approved Applicant will not conclude an agreement for Grant with SAIDC, before the expiration of the minister's decision, SAIDC will consider the Applicant and its application as a withdrawal from the Grant approval.

The approved budget, which forms a part of the agreement, will contain cost categories and corresponding budget items. The cost categories are binding for the Beneficiary and may not be changed, amended or renamed during the project implementation period.

The total Grant amount may not exceed the maximum amount approved in the original project budget, even in case the total real expenditures exceed the total approved ODA budget. Should the eligible expenses after project completion be less than the total approved ODA budget, the Grant is limited to the amount of real eligible expenditures approved by SAIDC.

1.2 Basic budget structure

For the purposes of these guidelines, costs, as well as expenses, are defined as a decrease in the volume of finances (or their equivalent) on the Beneficiary/partner's account with an intention of reimbursement of funds for a performed eligible activity/project activity or procurement of eligible services, goods or construction works.

Table 1

PROJECT BUDGET
DIRECT COSTS
Category 1 – Personal costs of professional and expert personnel¹
Includes eligible professional and expert positions in line with the requirements from Table 2.
Category 2 – Travel expenses reimbursement and subsistence allowance of the professional and expert personnel
Flight tickets/fuel/local travel expenses
Accommodation
Meal allowance
Other travel expenses (e.g. visa, insurance, vaccination)
Category 3 – Other services
Standard services (e.g. rental of spaces and venues, rental of technical equipment, catering)
Analyses, methodologies, studies
Accreditations and certifications
Other personnel indispensable for implementation of direct activities under the project (e.g. security services, drivers)
Category 4 – Current expenses
non-depreciable fixed assets, non-current assets, and materials
Category 5 – Capital expenses
depreciable fixed assets (for example lands and buildings, tangible and intangible assets)
Category 6 – Personnel costs of project management
Eligible project positions in compliance with the requirements in Table 2 (including other requirements as indicated in the foot-note on personnel costs of professional personnel)
Category 7 – Travel expenses and meal allowance for project management
Eligible costs of travel and meal allowance of project management personnel necessary for monitoring trips
INDIRECT COSTS

¹Personnel is defined as a natural person (employment, contract for mandate, a self-employed person, or a similar legal relationship) but not as a legal entity. The Beneficiary must conclude **agreements** with all external personnel (including volunteers). The subject of such agreements must specify the given activities precisely. Personnel costs must be **related to project activities**, which must be expended beyond the framework of existing work activities based on existing employment contracts of project members, if any were concluded with the Beneficiary before the Agreement for Grant Provision was signed. The approved unit of measure for personnel costs in the budget is a man-day or man-hour, or possibly a unit for a particular act (e.g. preparing an application for payment while considering its difficulty and scope), though using "project" as a unit of measurement is not allowed. Other units of measurement are not allowed.

Category – project overhead costs
Standard overheads (Beneficiary)
Standard overheads (partner)

1.3 Bank account

The following information must be provided regarding bank accounts:

- bank name
- bank address
- name of Beneficiary’s account
- currency in which the account is kept (the Beneficiary is obliged to have an account in EUR),
- account number in IBAN format,
- SWIFT/BIC code.

Before the signing of the agreement, the Beneficiary is obliged to provide a copy of the bank account contract and the bank’s confirmation of the zero balance.

1.4 Provision of the Grant to a non-business entity

Payments made for the project must be made from a separate bank account (the project account). This account is to be established by the Beneficiary no later than the day the Agreement is signed while informing the bank that funds are provided from a state budget within a grant framework for the specific project. The bank’s statement confirming the opening of the project account or a copy of the contract with the bank (with the original accessible for inspection) for opening the project account must be submitted to SAIDC no later than the day the Agreement is signed and is part of project documentation. This separate bank/project account must have a balance of EUR 0 (“zero”) as of the day the Agreement is signed, or the minimum account balance required for account management, as proven by the Beneficiary by submitting an account statement. Should the Beneficiary already have an established account that has been used as a project account in a previously-completed project, this account may be used as the project account.

This separate bank account (project account) is to be used only for making payments related to Grant and project activities. Should the Beneficiary be required to pay VAT, the payments are to be made exclusive of VAT. The Beneficiary will use a different account for VAT payment or will reimburse the amount equivalent to VAT to the project account.

Salaries, social and health insurance payments, etc are made similarly. The Beneficiary will pay for these items from their regular account, to which it will subsequently refund only eligible expenses pertaining to the project from the separate account (project account). The Beneficiary may only refund eligible expenses.

For every interim and final cost accounting and recording submitted by the Beneficiary will submit all project bank account statements, from the receipt of the first Grant payment until project completion. The Beneficiary will also submit bank account statements showing payments made from other accounts, should they be used to pay out eligible project expenses.

SAIDC will transfer payments to the project account of the Beneficiary as stated in the Grant Agreement.

2. PROJECT COSTS

The definition of **eligible cost categories** has no effect on the Applicant/Beneficiary's obligations pursuant to Act No. 343/2015 on Public Procurement in public procurement or procurement of contracts for the provision of goods, services, the performance of construction works and tenders. When taking on project costs/expenses including overhead costs, the Beneficiary/partner is obliged to comply with obligations arising from specific regulations when using public funds, in particular, Act No. 431/2002 on Accounting as amended, Act No. 523/2004 on Budgetary Rules of Public Administration and on changes and amendments to some other acts etc. Legislative and legal frameworks of the Slovak Republic defining the individual areas of costs eligibility apply within reason to the relevant areas of costs arising in the legislative and legal frameworks of third countries, and must in particular take into consideration regulations applicable in the territory where the cost arises while complying with the conditions of transparency and prudence, efficiency, effectiveness, and expediency in expending public funds.

2.1 Eligible costs – direct

Expenses in the following cost categories are deemed eligible project expenses:

1. personnel costs, for professional and expert personnel and project management
2. travel expenses and meal allowance for professional and expert personnel, travel expenses and meal allowance for the project management
 - a. flight tickets, fuel, local travel expenses
 - b. accommodation
 - c. meal allowance
 - d. other travel expenses (visa, insurance, vaccination)
3. other costs - external services (outsourcing),
 - a. current services (eg. Rental of spaces and venues, rental of technology, catering)
 - b. analyses, methodologies, studies
 - c. accreditation and certifications
 - d. other personnel indispensable for implementation of direct activities under the project(e.g. security services, drivers)
 - e. other expenses
4. current expenses (non – depreciable fixed assets, non- current assets and intangible assets)
5. capital expenses
 - a. purchase of property
 - b. purchase of tangible and intangible assets
 - c. purchase of used equipment
 - d. financial leasing and operative leasing,
6. financial expenses and fees
7. Value Added Tax and other taxes, and
8. start-up costs.

2.1.1 Personnel costs, for professional and expert personnel and project management

Total eligible personnel costs are calculated based on actual man-hours/man-days worked and approved rates. The daily rate includes the total cost, i.e. for an employee the total cost of labor (gross employee wage of for the relevant period, and payroll deductions corresponding to the paid employee wage pursuant to general legal regulations of the Slovak Republic).

Personnel costs must not exceed the amount typical for the given profession, time and place and must be **reasonable** with respect to the roles and responsibilities of individuals involved in project implementation.

For personnel costs, **compensation for individual positions are respected** with regards to the **employer's previous wage policy**, i.e. increase in wage or compensation for work activity will not be accepted solely because of participation in the project (e.g. different rates of compensation for work performed outside the scope of project activities and within the project; different hourly rates for the same position (project manager) and the same person in case of several projects; unjustified differences in hourly rates for expert personnel). Such an increase shall result in ineligible costs in the amount exceeding the wage or compensation for identical work activity outside the project. The Applicant/Beneficiary is obliged to prove that an employee working on the project whose wage expenses are the subject of ODA financing possesses the **necessary qualification and professional competence** for the respective position and work performed within the project.

Employees of the Applicant/Beneficiary must provide evidence of their involvement in the project through a **worksheet**. The activities and volume of work in the work sheet must correspond to the volume of work actually performed during the reporting period. Regarding employing persons for project implementation purposes, we distinguish between two alternatives:

a) An employee working on the project **full-time**² (i.e. designated working hours):
Throughout his/her working hours (or **the hours** of work), the employee performs work related solely to project activities and no other activities outside the project scope. In such case the eligible expenses represent the total cost of labour;

b) An employee working on the project only for a **specified time**:
The employee's total working time is divided into project activities co-funded from ODA and other activities. In this case, eligible expenses represent the total cost of labour proportional to the real time spent on work related to the project. Compensation for annual leave pertains to the period the given employee worked on the project, i.e. eligible compensation for annual leave is reduced for employees who worked on the project for only part of their working hours. The annual leave actually drawn during the project implementation period is eligible (i.e. including annual leave transferred from the previous year, should the entitlement to annual leave arise in relation to work performed on the project).

Expenses where Act No. 311/2001 **Labour Code as amended** ("Labour Code") is circumvented are regarded as ineligible expenses in cases where a chain of labour relations contracts is concluded with a single person, e.g. first an agreement on performed work (Slovak: *dohoda o vykonaní práce*) and then after the stipulated number of working hours (350 hours) another contractual labour relation is signed, e.g. a contract for mandate (*příkazná zmluva*) or agreement on work activity (*dohoda o pracovnej činnosti*) etc, in order to avoid permanent employment contracts although the activity performed shows signs of continuous work.

Bonuses³ (as well as incentives or other variable components such as those linked to Applicant/Beneficiary economic results) are not an eligible expense.

² The term "full-time" as a type of employment applies to contractual employment, agreements (Slovak: *dohody*) outside standard employment, employment by the state etc.

³ This is a wage component pursuant to Section 118 of the Labour Code, and also applies to similar employment relationships (e.g. Act on State Service).

Expenses related to performing are limited to a **maximum extent of work of 12 hours per day** for all cumulative labour and employment agreements of an individual, i.e. for all contractual employment, agreements (Slovak: *dohoda*) outside standard employment, and employment by the state.⁴

Other expenses for an employee which are not mandatory for employers pursuant to specific legal regulations (e.g. gifts, benefits) are not eligible expenses. In cases where the mandatory payroll deductions of the employer include deductions for other employee expenses, such amount must be subtracted from the employer's total payroll deductions. Expenses for additional pension savings are regarded as eligible expenses, provided conditions stipulated in special regulations or collective bargaining agreements are met.

Expenses for severance payment and retirement payment are regarded as ineligible expenses since there is no causative relation between them and project implementation. In cases where the mandatory payroll deductions of the employer include deductions for severance payment and retirement payment, such amount must be subtracted from the employer's total payroll deductions.

Although employers are obliged to create a social fund, these expenses are not eligible, because drawing of social funds is not related to project implementation.

The types of employment of persons on the project **must not overlap**. It is not permissible that an employee be paid multiple times for a single identical activity or output performed at identical times. Expenses will be regarded as ineligible in cases where working time overlap is identified for a person working on two or more projects (including the case of a single project with multiple positions within this project, or of multiple contractual relationships for work performed within and outside the projects) co-funded from public funds or other EU programs or national programs etc. Expenses pertaining to these time sheets will be excluded from financing of the given project or projects for the relevant day, regardless of the type of labour agreement under which the work was performed. Where overlapping of project expenses is identified, SAIDC is entitled to withdraw from the agreement.

Note: personnel costs for professional and expert personnel are stated in the budget table of the cost category no. 1. Personnel costs for project management are stated in the budget table of the cost category no.6. Limits for personnel costs are indicated in Chapter 2.4.

2.1.2 Travel expenses and meal allowance for professional and expert personnel, travel expenses and meal allowance for the project management

The amount of reimbursement for expenses arising in relation to business trips is governed by Act No. 283/2002 on Reimbursement of Travel Expenses ("Travel Expenses Act"). Travel reimbursements are eligible expenses under the project in the amount and under conditions stipulated by the Travel Expenses Act or the employer's internal organisational standard.

In order to consider business trips and related travel reimbursement as eligible expenses, **the travel must be related to project implementation**, indispensable for achieving project objectives, undertaken by individuals involved in project implementation or target group individuals, and comply with the principles of economic efficiency, expediency and effectiveness; both domestic and international trips are eligible.

Should the employee/individual incur any expenses during travel that he/she had to settle directly, the Applicant/Beneficiary must provide documentation proving the employee/individual was reimbursed by the Applicant/Beneficiary.

Eligible travel expenses are:

- a) reimbursement for documented travel expenses,
- b) reimbursement for documented accommodation expenses,
- c) meal allowance, and
- d) reimbursement for documented necessary additional expenses.

⁴ This is without prejudice to employer obligations to the employee based on labour-related legal relationships already signed.

Eligible expenses include travel expenses **using all means of public transport** (including expenses for flight tickets, urban public transport and 2nd-class long-distance public transport, seat reservation and/or sleeper reservation tickets) and reimbursement for using the individual's own passenger vehicle and employer's motor vehicles. The purchase of first class tickets will not be considered as eligible costs. The price of ticket may be reimbursed maximum to price of the 2nd-class ticket.

Use of **local public transport** – the employee/individual is entitled to reimbursement of travel expenses for local regular public transport in the documented amount. For season public transport tickets it must be documented a season ticket is cheaper for project implementation than reimbursement for the purchase of individual travel tickets.

Use of **airplane** – when using airplanes, a flight ticket for economy class is an eligible expense together with related fees (e.g. airport fees). For domestic business trips, the Applicant/Beneficiary must prove that using this particular means of transport is more economically efficient and effective than using another means of transport. Cancellation expenses for flight tickets are subject to due justification by the Beneficiary and will be assessed by SAIDC individually. The purchase of the business class flight ticket will not be considered as eligible costs. The price of the flight ticket may be reimbursed maximum to price of the economic class.

Use of **privately-owned motor vehicles** – if the employee/individual agrees in writing with the employer that he/she will use for travel a motor vehicle other than a motor vehicle provided by the employer, the employee is entitled to reimbursement for the fuel consumed. Mentioned has to be in accordance with the Beneficiary's internal laws or regulations.

Use of **employer's motor vehicle** – if the employee/individual uses a motor vehicle belonging to the Applicant/Beneficiary for travel, the purchase of fuel is an eligible expense (for the kilometres officially recorded in the driving log and the accounting of travel expenses). Use of an employer-owned motor vehicle must be indispensable for project implementation in compliance with the principles of efficiency and effectiveness (particularly when compared to public transport). Should the Applicant/Beneficiary fail to prove the above conditions, SAIDC may reimburse for travel expenses as determined in an amount corresponding to use of public transport. The flat-rate compensation for the amortization pursuant to Travel reimbursements act is considered as eligible cost.

Use of **taxi services** – in order for such an expense to be eligible, it must be proven that use of taxi services is indispensable for project implementation in compliance with the principles of efficiency and effectiveness (particularly when compared to public transport, as in case public transport is not available at the given time and location, or if the trip involves at least 3 individuals or some materials related to the project, or if there are no other means of transport available. Should the use of a taxi service for a single person be of indispensable importance in countries outside the territory of the Slovak Republic due to security or other crisis, the Beneficiary must provide adequate reasons for such expense)⁵. Should the Applicant/Beneficiary fail to prove the above conditions, SAIDC may reimburse for taxi services as determined in an amount corresponding to use of 2nd class public transport.

An employee/individual sent on a business trip is entitled to reimbursement of documented **accommodation** expenses. In this case too, accommodation expenses should reflect usual prices for the given location and time to comply with the principles of economic efficiency, effectiveness and expediency. The Applicant/Beneficiary at the same time must comply with its own organisation standards should these specify a lower price limit.

An employee/individual sent on a **business trip** is entitled to a **meal allowance** for each calendar day of travel in compliance with conditions established in the Travel Expenses Act. The amount of the meal allowance is set depending on the duration of travel within a calendar day. Current provisions in the Travel Expenses Act (the current Provision of the Ministry of Labour, Social Affairs and Family of the Slovak Republic on meal allowance amounts) regulate the meal allowance rates for domestic business travel.

⁵ In cases where use of another alternative is not possible for reasons of time and public transport availability, use of taxi services will be regarded as eligible. Any such case needs to be duly justified.

For a **business trip abroad** the employee/individual is entitled to a **meal allowance** in EUR or another foreign currency for each calendar day of travel abroad under conditions established in the Travel Expenses Act. This meal allowance is set depending on the duration of international travel outside the territory of the Slovak Republic. Current provisions in the Travel Expenses Act (the current Provision of the Ministry of Finance of the Slovak Republic on the meal allowance amounts of basic rates of meal allowance in EUR or other foreign currency during business travel abroad) regulate the meal allowance rates for business travel abroad.

Necessary additional expenses are expenses related to business travel, such as parking fees, motorway tolls⁶, visas, vaccinations, tickets to trade fairs, fees for storage of baggage, conference fees, local taxes related to accommodation, etc.

Expenses on **hotel accommodation** abroad must correspond to standard prices in the given location and season.

Travel expenses and meal allowance for professional and expert personnel are stated in the budget table under the cost category no. 2. Travel and subsistence allowances for project management are stated in the budget table under the cost category no.7.

2.1.3 Other costs – external services (outsourcing)

Outsourcing (external services) include various items depending on the type of project to which they are related. Selected services must contribute to achieving project objectives and be indispensable for its implementation. When procuring outsourced services the Applicant/Beneficiary is obliged to proceed in compliance with the Public Procurement Act.

The Applicant/Beneficiary may use outsourced services in cases and for activities where the Applicant/Beneficiary does not have or cannot effectively provide such services/activities within its capacity. The condition remains that the Applicant/Beneficiary must prove that such services are indispensable for project implementation.

Inducements agreed between the Applicant/the Beneficiary and the service provider in percentage (e.g. percentage of the amount in application) shall be ineligible in their full amount.

The Applicant/Beneficiary is obliged to determine the value of project management services⁷ (that is, all eligible acts in relation to project activities such as project and financial management and project monitoring) determined for financing in man-hours (or another time unit) or unit per specific act (e.g. preparing an application for payment while considering its difficulty and scope), though using “project” is not allowed.

The following are the most frequent types of services that can be classified as eligible expenses:

- a) **Current services** – expenditures for conferences/courses, support of participants⁸ (meal allowance, accommodation) – including expenses for organisation and delivery of conferences or courses organised for project purposes, involving target groups, guest participants or a wider public. These expenses most often cover organisation, and rental of venues and technical equipment, (meals, accommodation) – expenses to provide for participants’ refreshments, meals and accommodation at events (e.g. conferences, courses) organised within the scope of the project.
- b) **Analyses, methodologist, studies**- Publications/training materials/manuals- purchase of customised publications, the preparation of compilation of publications and training materials such as textbooks, books, manuals, guidelines) or multimedia aid, Professional services/studies, and research⁹ – including e.g.

⁶ For motorway toll fees, the Applicant/Beneficiary must prove that the motor vehicle was used solely for project purposes throughout the business trip and the toll was unavoidable. If the motor vehicle was used only partially for project purposes, the Applicant/Beneficiary shall submit a calculation for reimbursement of the corresponding/eligible part.

⁷ This is without prejudice to the possibility that compensation for services agreed between the supplier and the Applicant/Beneficiary is higher than the maximum value determined by SAIDC; the difference between the agreed compensation and the maximum value shall be defined as ineligible expense.

⁸ Participant means a person who participates in the event in question (it can be e.g. the target group, the public, the user).

⁹ The Applicant/Beneficiary must respect the “value for money” principle”. The cost must be of essential character and the service must be usable as part of project implementation, and it is necessary to monitor the professional competence of the individuals participating in the given

- expenses for processing studies, analyses, data collection, translation and interpreting, and other partial research activities necessary for project implementation;
- c) **Accreditation and certifications** – expenditures relating to the accreditation of newly established fields of study, certifications attesting professional competence
 - d) **Other personnel, necessary for project management** – personnel expenditure for small, other personnel, who is necessary for the performance of project activities, such as local teachers, chauffeur, guard, medical staff, soil cultivators, growers, etc.
 - e) **Other expenses** – e.g. expert opinions¹⁰ and other services not specified above that are directly related to project implementation and are indispensable for the project.

2.1.4 Current expenses

Current expenses include expenses for non- depreciable fixed assets, pursuant to Section 27 of Act. No 366/1999 - Income Tax Act, except capital expenditures and non-current assets, with a useful life, not exceeding one year (e.g. medical materials) and are immediately consumable.

2.1.5 Capital expenses

2.1.5.1. Purchase of tangible and intangible assets (excluding properties)

The purchase price of procured fixed tangible and intangible assets is an eligible expense. Should the Applicant/Beneficiary use the obtained assets (e.g. equipment, furnishings) only for project purposes, expenses related to the procurement will be applied in full¹¹. The purchased assets are new and have never been at the Applicant/Beneficiary's disposal in any way (even partially, if it was indeed available to the Applicant/Beneficiary).

Should the Applicant/Beneficiary use the assets in part for other activities unrelated to project implementation, only proportional costs of procurement will be eligible as calculated by the Applicant/Beneficiary, using for example the following methods:

- a) as a proportion of total project expenses to the total revenue of the Applicant/Beneficiary for the previous calendar year or average revenue for the past 3 calendar years;
- b) based on the proportion of man-hours that the employee/employees work within the project to the total man-hours of all the Applicant/Beneficiary's employees.

Expenses for purchase of tangible and non-tangible assets are eligible provided that the aspect of the project implementation period is considered as well as the intensity of use of the given asset for the project (e.g. for a one-year project, purchase of assets just before the end of project implementation will be deemed ineligible), as the given assets can be used for longer than one year, i.e. the "value for money" principle needs to be respected¹².

2.1.5.2 The classification of capital expenses

services, as ensured by the fact that the individuals participating in the services are not in an employment relationship with the Applicant/Beneficiary (and/or cannot be so invited).

¹⁰ The Applicant/Beneficiary must respect the "value for money" principle". The cost must be of essential character and the service must be usable as part of project implementation, and it is necessary to monitor the professional competence of the individuals participating in the given services, as ensured by the fact that the individuals participating in the services are not in an employment relationship with the Applicant/Beneficiary (and/or cannot be so invited).

¹¹ When making purchases from third countries, duty related to procurement is an eligible expense.

¹² This principle is applied also in the case of assets which are not recorded in the books as fixed tangible/intangible assets (e.g. computers, data projector or various school aids).

This includes the expenses on the procurement of the tangible and intangible asset, including the expenses related with the procurement of this property pursuant to Income Tax Act.

This main category includes the expenses on the procurement of the tangible asset:

- lands, buildings and other constructions, works of art, collections and articles of precious metal, which are tangible assets irrespective of the procurement price, unless there are the financial investments. Residual price of the construction object or part thereof, disposed as a consequence of new constructions, including the disposal costs, and it is included in the cost of construction and is covered by capital expenses,
- separate movable assets, alternatively the groups of movable assets, which have a separate technical-economic determination, with entry price exceeding EUR 1 700 and operational or technical functions exceeding one year, for example interior furnishings, office machines, equipment and installations, operating machines, equipment and installations, means of transport. The groups of movable assets- which are defined in Section 22 (2a) of the Income Tax Act- the accounting unit may, or may not create from a separate movable asset, and each one fulfil the terms set out in Section 22 (2a) cited above. Only those movable assets, or the groups of movable assets, which fulfil the all three criteria set out above, may be classified as tangible assets,
- growing units of permanent grasslands with the fertility period longer than 3 years, basic herds, draught animals, horses and other property, e.g. the openings of new quarries, sandpits, clay deposits and dump wastes, technical reclamations (such as landscaping, dispose of the consequences of water erosion, devastated land after construction work, etc.). It is necessary to distinguish biological reclamation from technical reclamation (soil fertilisation, sowing grass, planting flowers and ornamental bushes), which is always part of the operating costs.

Accessories of tangible asset are objects, which form part of one property unit with one main thing and are part of its valuation and evidence. Accessories are included in the supply of the main thing or will be added to the main thing additionally. If the relevant objects do not form part of the one property unit with the main thing, they are separate movable assets.

A separate movable asset is also a production facility, facility and object serving to provide services, purpose-built object and other facility, which do not form part of one function unit with the building or construction, even though is firmly linked with it.

Furthermore, the expenses for the procurement of intangible assets are budgeted here.

Intangible asset is a fixed intangible asset with entry price exceeding EUR 2,400 and usability or operational and technical function exceeding one year.

Tangible asset can be dismantle into individual separable parts of tangible asset, if entry price of each individual separable part exceeding EUR 1 700 (pursuant to Section 22 (15) of the Income Tax Act)

All buildings, regardless of their size, are considered to be buildings:

- a) construction and technical execution, for example buildings, towers, conduits, silos, reservoirs, tanks, wells, communications, tunnels, bridges and gangways, platforms and ramps, crane tracks, underground and overhead lines, stands, walls, fences, memorials,
- b) purpose, for example buildings for housing, buildings for community facility, buildings for production and storage, for transport, power distribution, for waste management, buildings and facilities for civil defence, for recreation, education and sports,
- c) period- permanent, temporary.

Construction means the procurement of new building or change of finalised building by superstructure, extension, building adjustments (construction, rebuilding), reconstruction and modernisation of finalised building, it is technical evaluation - see 717 and 718¹³. This includes also advances on tangible or intangible asset, which are covered by capital expenses.

Expenses related with the procurement of tangible asset are the expenses for the preparation and security of construction (also lands for the construction of solely military character) and preparation and security means the security of all movable investments, not only building and constructions.

Technical evaluation means expenses for finalised superstructures, extensions and building adjustments, reconstructions, and modernisations exceeding the price of the tangible and intangible assets EUR 1 700 in total for tax period (financial/budget year).

For technical evaluation of tangible assets and intangible assets pursuant to Section 29 of the Act on Income Tax Act is regarded also the expenses for finalised superstructure, extension and construction adjustments, reconstructions and modernisation not exceeding in total for tax period EUR 1 700, if the organization decides to consider these expenses as expenses for technical evaluation, respectively also the technical making in price EUR 1 700 or less increases the entry price of tangible or intangible assets. This means, that also this type of technical evaluation is financed from capital expenses.

The technical evaluation also means the technical evaluation of leased asset exceeding EUR 1700 carried out and depreciated by the lessee.

Furthermore, also the technical evaluation of fully depreciated tangible assets exceeding EUR 1 700 are covered from capital expenses.

Reconstruction is understood as interference into asset that has the effect of significantly altering its purpose of usage, qualitative change of its performance or change of technical parameters, and the use of other material with comparable attributes is not considered to be a change in the technical parameters.

Modernisation is understood as, in particular, the extension of facilities and the usage of the asset by those elements or objects, that this asset did not contain, and these elements or objects make up inseparable part of asset or the modernisation can also be a separate thing, which is designated for the common usage with the main thing and together with it makes up one asset unit.

It also includes the capital transfers, enabling to their recipients to acquire tangible and intangible assets or to compensate its damage or destruction, the expenses for the creation of tangible and mobilization reserves, apartments and accommodation establishments for households of members of the armed forces, construction of hospitals, roads, bridges which can also be used by civilians, respectively works realized by power of defence for the non-military purposes.

From capital expenses is reimbursed also the purchase of small tangible assets and small intangible assets, which the purchase price is equal to or less than the price established by special regulations (by the Income Tax Act) for tangible and intangible assets if the operational and technical functions or remaining useful life are longer than 1 year and the organization decided to charge about it as tangible fixed assets and intangible fixed assets in accordance with valid accounting procedures.

¹³ Methodological Guidance and explanatory notes od Ministry of Finance of the Slovak republic on the economic classification – current version <https://www.mfsr.sk/sk/financie/verejne-financie/regulacny-komplex-pravnych-noriem-metodickych-postupov-z-oblasti-rozpocetoveho-procesu-rozpocetova-klasifikacia/uplne-znenie-metodickeho-usmernenia-ministerstva-financii-slovenskej-republiky-k-c-mf/010175/2004-42-zo-dna-8.html>

Capital expenses do not include expenses on the procurement of small tangible and intangible fixed assets where the cost of procurement is covered by current expenditure.

Furthermore, this does not include the contractual penalty and default interests, or protentional other sanctions from contractual relationships and reimbursements of damages related with investments construction as also with the expenses for the preparation of workers – trainings for constructed facilities and operation, expenses on equipping of the procured investments by supplies, expenses on biological recultivation and expenses related with the preparation and ensuring of the building incurred after release of the procurement investment in use, such also the expenses for the repair and maintenance of tangible assets – reimbursed by current expenses.

2.1.5.3 The explanation of terms to computer technology

In the process of the procurement of the computer technology, the term „computer technology“ is understood as monitor, hardware, keyboard and mouse (hereinafter referred as „computer“) for the purposes of economic classification.

The term accessories to computer pursuant to Section 121 of the Civil Code are understood as things that belong to the owner of the thing and are intended to be permanently used with the main thing. Accessories to computer are all which are associated with the main thing- to computer at the same time or additionally, and form one unit with the main thing and are part of its valuation (eg printer, printer feeder, modem, scanner to computer). If the appropriate objects do not form the one property unit with the main thing, these are separate movable assets and the procurement price is the criterium for the classification of expenses.

If, by decision of the accounting unit, the small intangible asset (equipment and materials- for example computers) is also paid from capital assets, and which the procurement price is equal to or lower than EUR 1 700 and the period of usage is longer than 1 year, then also the accessories to these assets are procured from capital expenses.

If the computer operating system is bought together with the computer, it means that it is the part of the supply of the computer - it is also the part of its valuation, and the needs for the classification of expenses are crucial, and if the common price (together with the price of computer and with the price of operating system) meets the requirements pursuant to special regulations (Income Tax Act) for the procurement of fixed tangible assets.

2.1.5.4 Purchase of used equipment

Expenses for purchase of used equipment are eligible where the following conditions are met:

- a.a) the procurement price¹⁴ of the used equipment is lower than the expenses for similar new equipment;
- a.b) the procurement price in compliance with rules for public procurement is an eligible expense;
- a.c) the used equipment is necessary for the given project and complies with applicable norms and standards;
- a.d) the Applicant/Beneficiary, and any of the previous owners of the equipment, has not received a grant or subsidy from public funds (e.g. from the state budget, local or regional authorities' budgets, EU funding etc) to purchase the given equipment, as this would result (in case of co-funding of purchase from the Grant) in duplicate financing and therefore in the arising of an ineligible expense.

¹⁴ When making purchases from third countries, duty related to procurement is an eligible expense.

2.1.5.5 Purchase of properties

Expenses for purchase of land are eligible if the following condition is met:

Expenses on purchase of land shall not exceed 10% of total direct eligible project expenses, including overhead expenses related to the purchase of land. In exceptional and duly justified cases, a higher limit may be approved for projects related to environmental protection.

2.1.5.6 Purchase of buildings and procurement of construction works

Expenses for purchase of buildings are eligible should the purchase of such building be of indispensable importance in meeting project objectives and the following conditions are met:

- a) Expenses for purchase of buildings shall not exceed 40% of total direct eligible project expenses, including the overhead expenses related to the purchase of the building¹⁵.
- b) The building complies with all valid legislative regulations of the country, where the building will be implemented.
- c) The Applicant/Beneficiary, and any of the previous building owners, has not obtained any subsidy from public funds (e.g. from the state budget, local or regional authority budgets, EU funding etc) to purchase the given building, as this would result (in case of co-funding of purchase from the Grant) in duplicate financing and therefore in the arising of ineligible expenses.

2.1.6 Financial expenses and fees

A general condition for eligibility of financial costs (expenses) and fees is that they must be of essential character and in direct relationship to the project. This condition also applies to insurance of assets and administrative and local fees, such as notary fees. In addition to the administrative and local fees directly associated with the project, the following may also be eligible expenses:

- a) bank fees for international financial transactions – indirect expenses;
- b) expenses for opening and management of account/accounts and for this account's financial transactions – indirect expenses;
- c) expenses for insurance of assets co-funded from ODA¹⁶.

Interest revenue minus tax on interest, and other revenues from deposits (e.g. exchange rate revenues), must be quantified and listed in the interim and final cost accounting and recording as a negative item. The Beneficiary is obliged to return these to SAIDC in connection with final cost accounting and recording. Tax on interest (tax on capital gains) is an eligible expense under the project.

2.1.7 Value added tax and other taxes

Value added tax (VAT) is an ineligible expense, but the process of taxation by VAT can make VAT an eligible expense under certain circumstances. VAT is not an eligible expense when the Beneficiary is entitled to VAT deduction. Entitlement to deduction is regulated by the Act on VAT.

Eligible VAT only pertains to actions regarded as eligible. Should the given expense be only partially eligible, VAT related to such expense will become an eligible expense in this proportion.

¹⁵ In case of investment projects, the proportion of total direct eligible costs may exceed the above limit.

¹⁶ Should the asset be damaged during the project implementation period, the Applicant/Beneficiary is obliged to ensure the asset is returned to the original condition. In case of loss or theft, the beneficiary is obliged to ensure immediate replacement of the asset such that the replacement asset meets the same minimal parameters. The costs of asset replacement shall be borne by the Beneficiary or settled from insurance policy indemnity. Purchase of substitute assets must be proven by a receipt or other accounting document.

Any activity performed during or after project implementation project completion related to obtaining/appreciation in value of assets from public funds (ODA) that might generate taxable income (e.g. science and research activity performed for financial compensation) obliges the Applicant/Beneficiary to pay VAT, that is an obligation arises for the Applicant/Beneficiary to apply for tax deduction from the Tax Authority. In such a case, VAT (reimbursed within project implementation as an eligible expense) shall be deemed ineligible retroactively for project implementation period within the scope of activities resulting in taxable income.

In general, other taxes are ineligible expenses. Above all, direct taxes are regarded as ineligible expenses (property tax, motor vehicle tax, etc). Exceptions are: natural persons' income tax, as it is a part of gross wage or compensation for work performed and is an eligible expense within the scope of personnel expenses; and accommodation tax, which is an eligible expense within travel expenses.

From the income tax perspective, funds are provided as a grant for the Beneficiary, as income provided in compliance with the **Act on State Budget and Budgetary Rules**.

The Grant is not income from taxpayer activity or arising from taxpayer assets and **cannot result in generation of profit for the Beneficiary**.

The Slovak Republic has signed **treaties on avoidance of double taxation** with many countries regarding income and assets. The most recent list of applicable treaties is available at www.finance.gov.sk. Tax and duty allowances have been established for import of goods to some countries under the framework of international aid.

2.1.8 Start-up expenses

These are unavoidable expenses the Beneficiary incurs after Grant approval but **before the Agreement is signed**, i.e. the period following the decision on Grant provision, being from the date the decision on awarding of the Grant is published at www.slovakaid.sk until the date the Agreement is concluded. Start-up expenses are part of the drafted project budget.

2.2 Eligible expenses – indirect – overhead expenses

Overhead expenses are indirect expenses with the **character of normal costs** (operational overhead).

Indirect expenses are expenses that are not or cannot be linked directly to a specific project activity. These costs also include expenses for which it is difficult to determine an amount that can be allocated to a specific activity. Indirect costs include expenses on **rent, water and sewage, purchase of fuel and utilities, telephone, fax and internet, cleaning, maintenance, purchase of consumables, and wage expenses for service employees**¹⁷.

For expenditures for the purchase of consumables, the principle of economic efficiency, effectiveness and expediency must be adhered to (e.g. if the Applicant/Beneficiary purchases consumables to stock up at the very end of project implementation, only a proportional part of the material will be regarded as eligible, i.e. that corresponding to the scope of consumables actually used for project purposes during the implementation period). Should only part of the organisation's spaces be used in project implementation, only that part of the costs corresponding to the proportion of the total spaces should be regarded as an eligible expense. This applies to all other overhead (utilities, water, consumables, the internet etc); **only a proportional part of these expenses** pertaining to the project **will be eligible expenses**. Should the Applicant/Beneficiary own spaces where the project is being implemented or have use of them free of charge, rental expenses are not eligible.

¹⁷ Service personnel is defined as employees supporting business activity (of the subject) for whom it is difficult to determine the time of work performed on the project. Service personnel may include: supervisor, secretaries, technical maintenance staff, security guards, drivers, accountants, HR staff, employees responsible for procurement for the enterprise and other similar positions that typically exist independent of project implementation.

Overhead expenses related to general operation of the organisation without a causal link to the project, as well as expenses corresponding to the accounting category of extraordinary costs, are ineligible costs.

Overhead expenses must be associated to the implemented project, i.e. other expenses arising from the Applicant/Beneficiary's activities as a legal entity (e.g. wage/compensation to employees who do not perform activities under the project) cannot be reimbursed.

General definition of overhead costs:

- a) **communication expenses** related to office operations (postage fees, fax, telephone, internet),
- b) **office operation expenses** (Beneficiary's rental fees in the Slovak Republic, partner's office-related expenses in the country of project implementation),
- c) **office consumables** related to office operations,
- d) **other** administrative expenses (e.g. copying) related to project activities and office operations, and
- e) **other** indirect expenses – bank fees, postage, revenue stamps, insurance, advertising expenses, translations, project publicity expenses.

Examples of overhead expenses broken down by type of expense:

- a) personnel expenses related to the performance of these activities (particularly in the location where the Beneficiary operates):
 - 1. **legal counselling**¹⁸ (e.g. drafting documents on legal acts, processing of legal analyses);
 - 2. project **publicity** and information;
 - 3. **accounting**;
 - 4. personnel and payroll;
 - 5. consultancy and supervision in public procurement;
 - 6. services (cleaning, copying of material etc);
 - 7. repair and maintenance of assets used for project purposes;
 - 8. driving of vehicles used by project personnel;
 - 9. control and professional supervision (e.g. supervisor, including management of the organisation¹⁹)
- b) **expenses for procurement of services** indispensable for the above activities (listed under letter a):
 - 1. outsourcing of services related to publicity and information associated with project implementation (operating of common website of the Beneficiary²⁰);
 - 2. outsourcing of accounting and bookkeeping;
 - 3. outsourcing of personnel and payroll agenda;
 - 4. outsourcing of public procurement provision; market research provision;
 - 5. outsourcing of cleaning etc;
 - 6. outsourcing of repair and maintenance services for assets used for project purposes;
 - 7. outsourcing of transportation of persons and goods apart from individuals in the target group and professional personnel (e.g. lecturers, experts etc).

2.3 General principles of eligibility of expenses

Expenses are eligible when they are:

- a) **indispensable** for project implementation and related to the activities listed in project documentation;

¹⁸ E.g. for supplier-buyer relationships (including sanctioning provisions) but not concerning filing of petitions and the related acts against SAIDC

¹⁹ These are predominantly management activities of a statutory body of the Beneficiary/partner (e.g. Managing Director of a private enterprise).

²⁰ The visibility, that is linked to direct project activities (e.g. banner production) can be included in direct activities, namely, to cost group no. 3- other services

- b) **reasonable and justified**, stated in the Agreement and in compliance with financial governance principles, in particular with emphasis on efficiency, expediency and effectiveness;
- c) **paid out and arising during the project implementation period** as defined in the Agreement. Expenses arising and/or paid before or after the project implementation period (defined in the Agreement) are not eligible in the final accounting and reporting; and
- d) **demonstrably expended by** the Beneficiary, recorded in the Beneficiary's accounting as well as the accounts of the Beneficiary's partners, identifiable, verifiable and supported by original accounting documentation. They must not be stated in lump-sum form, unless stated otherwise.

Expenses or their eligible proportion must not exceed the amount of the approved budget.

When renting spaces, purchasing consumables, and paying for telecommunication services, consumed electric power and heating etc, the eligible expenses are always only those that have been directly expended while performing specific project activities. Should the Beneficiary use only part of the premises (own or rented) during project implementation, only a **proportional amount** of expenses on utilities, heating, maintenance etc may be included as costs pertaining to the employees dedicated to the project. Equally, only a proportional part of expenses on rental of premises are included in the costs.

For expenses that are typically invoiced monthly, where the Beneficiary is not able to prove that the expense was incurred during the project implementation period as stated in the Agreement, only a proportionate amount of the invoiced sum can be recognised as an eligible expense. Should the Beneficiary be able to document what amount of these expenses was incurred during the project implementation period, the documented amount of the expenses represent an eligible expense, and not the proportionate amount of the invoiced amount.

2.4 Limits of personnel costs (expenses)

The established limits of selected cost categories are binding equally for the Applicant/Beneficiary and for any partner (subcontractor).

SAIDC has defined standardised positions and a corresponding limit of eligible wage expenses for these positions at the national level of the Slovak Republic²¹ for the purposes of this Guideline as the maximum daily wage of the Applicant/Beneficiary's employee including mandatory eligible payroll deductions by the employer (i.e. **total cost of labour**). An eligible expense is therefore the employee's hourly gross wage and the corresponding mandatory payroll deductions of the employer.

Where supply of services to Beneficiary includes the refunding of value added tax (VAT) as an eligible Beneficiary expense, such tax is included in the supplier's rates.

Qualification requirements of individuals and proof of qualification by Applicant/Beneficiary (partner) employees, including the specifics of unit rates:

- a) Qualification requirements of persons in positions according to the list of standardised project positions (Table 2) is demonstrated by the Applicant/Beneficiary (partner) as employer through a **CV** of employees noting the **length of appropriate professional experience** in the relevant project position and other documents demonstrating the individual's professional qualifications²² (e.g. certificates, diplomas, decrees, documents substantiating professional internships with employers, references etc).

²¹ Project positions are evaluated from the perspective of the character of activities performed, and employee qualifications and experience, and not based on their name in the individual projects' organisational charts.

²² This mainly concerns expert positions according to the list of standardised project positions.

- b) Should there be a duly justified need to use a **highly qualified international expert**²³ (foreign expert, or perhaps an expert working for an international organisation etc), who must meet the qualification requirements for the position of **expert No. 2** in the SAIDC list of standardised project positions (Table 2) to implement professional project activities within the scope of the wage expenses of the Applicant/Beneficiary (partner), **SAIDC may**, based on the documents provided by the Applicant/Beneficiary (partner), **consider the usual level of compensation** in the expert's original organisation or with respect to the specifics of the expert's home location (country)²⁴.

The structure and allocation of project positions proposed by the Applicant/Beneficiary (partner) in terms of the number of persons in individual project positions, as well as the total number of man-hours of the individual project positions for implementation of project activities, is subject to evaluation during the application approval process. Normally, qualification of persons in project positions is demonstrated by the Applicant/Beneficiary (partner) at the following stages:

- a) **when submitting the Grant application**, particularly in relation to the personnel capacities of the Applicant (partner), where administrative and professional capacity to perform project activities is demonstrated (i.e. the Beneficiary's own capacities through employees or those in a similar relationship),
- b) **before signing the Agreement**, the Applicant is obliged to submit an organisational chart at least 50% completed, featuring specific individuals.
- c) **upon changes of personnel assignment** in project positions during project implementation.

The Organisational Chart form is a mandatory annex to the Grant application that the Applicant is obliged to submit together with CVs of the Applicant's and partner's management, professional and expert personnel. Each CV must be accompanied by: consent to processing personal data pursuant to Act No. 18/2018 on the Protection of Personal Data and on changes and amendment to some other acts and the Regulation of the European Parliament and Council No. 2016/679; and consent to sign (see Attachment No. 8). **Project Managers of the Applicant and of the partner must be known already when submitting the Grant application** and their CVs including information noting the length of relevant professional experience and consent to processing their personal data must be attached to the Application. Should the positions of professional and expert personal in the project be unassigned at the time of submitting of the Application, the Applicant is obliged **to attach detailed job description conditions for the given positions. Upon signing the Agreement, the Applicant is obliged to provide the Organisational Chart at least 50% completed, featuring specific individuals.**

Overall eligible limits of costs of internal and external staff are calculated as the maximum unit rate multiplied by the man-day/man-hour stated in the worksheet. As overall cost limits are set, monthly cost limits are set.

In providing services in personnel terms (and associated costs) a legal entity may not be a contractual party on the side of the supplier (i.e. self-employed individuals, contracts based on the Copyright Act, or contracts of mandate [*príkazná zmluva*] with natural persons are acceptable).

These limits do not apply to supply of goods, services and construction works, where the subject of supply is not stated in personnel terms (so-called man-day etc).

A functional change in project positions, i.e. in the number and structure of approved project positions in the Grant application included in the Agreement during project implementation, is **regarded as a change to the project and is therefore subject to SAIDC approval.**

²³ Professional experience of an international expert (No. 2) must be demonstrated by the Applicant/Beneficiary (partner) not only through a CV but also through other documents demonstrating the expert's extraordinary qualifications and international activity (e.g. publications in respected international periodicals, membership in international professional associations and organisations etc).

²⁴ The expert, or the original organisation where he/she works, must be able to prove this e.g. by showing a contractual relationship (employment or similar), the compensation policy of the home organisation, or other documents proving the costs of the employee in the employment relationship.

An employee's daily wages or daily compensation, and daily compensation for those in agreements (Slovak: *dohody*) outside standard employment, are calculated based on a working day of 8.5 hours in total, or a minimum of **8 hours of net working time**. Should worked be contracted pursuant to specific regulations in some cases (e.g. Act on State Service), the employee's net daily working time is 7.5 hours.

Table 2 The SAIDC list of standardised project positions and corresponding limits of total costs of labour for employee's wage or supplier's rate

Abbreviation	Standardised project position/ Main job description in project position	Minimum qualifications	Limit – expenses per employee (daily wage/compensation) *	Limit – expenses per employee (hourly wage/compensation) *
AP	Administrative and management project personnel			
AP	Administrative personnel - Assistant to Project Manager/Financial Manager (administrative and support activities for project management, financial management, monitoring of activities, communication and information, professional activities with respect to project administration and project support documentation) - accountant, payroll accountant (provides bookkeeping for project purposes) - personnel specialist (provides personnel management for project purposes)	University education with bachelor's degree, without experience or secondary education, 2 years of experience in the field	€80	€10
MP	Management personnel			
MP	Project Manager/Financial Manager - manages project activities and overall project administration and implementation at all levels. - coordinates all activities related to implementation of project activities. - coordinates activities of professional personnel. - ensures communication between managing, administrative and professional project capacities - is responsible for overall financial management during project implementation. - ensures compliance with budget in accordance with Grant Agreement and applicable legislation of the Slovak Republic. Oversees effective usage of funds and eligibility of applied expenses. - coordinates implementation of professional project activities. - implements and elaborates description of subject of Agreement and ensures implementation of all forms of public procurement. - manages and is responsible for project promotion/visibility, external communication on the project and achieving promotion plan of entire project. - administers documents for monitoring and communicates with the project target group and other persons and institutions participating in implementation of project activities or influenced by implementation of project activities, communicates with project's target group and collects documents from and about the target group, processes documents for monitoring, archives documents on implementation of activities, monitors implementation of project activities based on documents processed by monitoring administrative personnel, processes monitoring reports.	University education with bachelor's degree, experience in the field of up to 5 years	€96	€12
		University education with master's degree, experience in the field over 5 years	€144	€18

PP	Professional/expert personnel – coordinator, consultant, training personnel for project’s professional activities²⁵			
PP. 1	Professional – junior	University education with bachelor’s degree,** experience in the field of up to 5 years	€160	€20
	- processes professional documentation, coordinates professional working group - Performs activities related e.g. to organisation (in relation to professional job description) and professional leadership of working groups, seminars, workshops etc using existing analytical, methodological, and process materials and procedures including consultancy or training activity (in relation to attendees); or specialised lawyer			
PP. 2	Professional – senior	University education with master’s degree*** experience in the field over 5 years	€200	€25
	- specialist in coordination of professional working groups/professional performs activities related to organisation (in relation to professional job description) and professional leadership of working groups and management committees or members of professional groups and committees for core project issues using existing analytical, methodological, and process materials and procedures including consultancy and processing of professional or training activity; or a specialised lawyer.			
FW	Fieldworker			
	- is responsible for project activities directly in the project implementation location , closely cooperates with local partner and final project Beneficiary.	University education with bachelor’s degree**	€144	€18
EX	Expert personnel			
EX. 1	Expert - No. 1	University education with master’s degree*** experience in the field with qualifications over 8 years	€240	€30
	- highly qualified expert in the relevant field. Expert lecturer/consultant/analyst/methodologist independently performing analytical activity, design of systems and methodologies, processing of professional documentation and concepts.			
	- researcher or scientific worker with academic PhD degree or scientific/pedagogical title of Assistant Professor	University education with master’s degree,*** with experience in the field and required qualifications of over 5 years	€240	€30
	Expert - No. 2			

²⁵ Standardised project positions of “professional personnel – PP” must be held only by individuals in an employment relationship (contract for mandate, self-employed individual or a similar type of relationship) ensuring performance of tasks and activities of the Applicant/Beneficiary (partner) that pertain to the Applicant/Beneficiary (partner) as a subject based on its own position (e.g. as a public administration authority, public institution, or the main activity or activity associated with the organisation’s main activities).

EX. 2	- leader in the relevant field – expert lecturer/trainer/consultant/analyst/methodologist independently performing analytical activity, design of systems and methodologies, processing of professional documentation and concepts, trainer of those in professional personnel project positions 1-2	University education with master’s degree , with experience in the field and required qualifications of over 15 years	€280	€35
	- highly specialised, exceptionally qualified expert - researcher or scientist with an academic title - expert with scientific/pedagogical title of Professor	PhD./scientific/pedagogical title of Assistant Professor/Professor with experience in the field of over 10 years	€320	€40
	- expert – holder of a specialised qualification/licence (e.g. issued pursuant to special regulations, typically an auditor, lawyer, expert, interpreter or translator etc) - equivalents to licences will be acknowledged	University education with master’s degree	€320	€40
	- foreign expert - lecturer/trainer/consultant/analyst/methodologist independently performing analytical activity, design of systems and methodologies, processing of professional documentation and concepts	University education with master’s degree****	€400	€50
Other personnel				
	- small, other personnel , whose is, however, necessary for the performance of the project activities, such as local teachers, chauffeur, guard, ordinary medical staff, soil cultivators, growers, etc.	The Beneficiary shall substantiate the terms of reference on the basis of which it will fill the position	€30	€3,75

* An eligible is the total cost of labour of the employee including mandatory payroll deductions of the employer required by law, The above limits represent the total cost of labour that can be claimed per man-hour/man-day of work. Payroll deductions by the employer may not be used to increase the above limits.

** In extraordinary cases, SAIDC may assess assigning the position to an employee without university education, with a minimum of completed secondary education and demonstrable experience of min. 5 years in the given field.

*** In extraordinary cases, SAIDC may assess assigning the position to an employee without a master’s degree, with a minimum of completed secondary education and demonstrable experience of min. 15 years in the given field.

**** When determining the daily rates of foreign experts, based on the documents of the Applicant/Beneficiary (partner), SAIDC may consider the usual level of compensation in the expert’s original organisation or with respect to to the specifics of the expert’s home location (country).

SAIDC acknowledges the generally acknowledged equivalent of the above titles and the equivalent of licences.

2.5 Limits²⁶ at the project level

A.) **Start-up expenses** as part of indirect costs within the scope of overhead costs may represent a maximum of **2%** of the total eligible project costs.

B.) The maximum percentage limit for **indirect project expenses** within the scope of overhead costs is **7.00%** of the total eligible projects costs.

The maximum percentage limit for **project management** within the scope of direct project costs is **20.00%** of the total eligible projects costs.

²⁶ Limits for the project – building of capacities of SAIDC Slovak development organisations – as regulated by the call.

2.6 Limits on technical equipment in the project

In the case of standard usage of technical equipment for project administration purposes and technical support of training and other normal activities under the project, equipment with the corresponding technical specification and the following maximum limit will be regarded as eligible expenses from the Grant²⁷:

PC with accessories	maximum €500
Notebook with accessories	maximum €600
Data projector	maximum €300
Printer	maximum €200
Photo camera	maximum €200
Video camera	maximum €200

3. PRINCIPLES OF CONTRACTING

Public procurement and its correct management is one of the most important component parts of project implementation. Public procurement is defined by the Act on Public Procurement (currently Act No. 343/2015 on Public Procurement as amended – hereafter the “PPA”). Since this Act is subject to frequent amendments the Beneficiary is advised to check the website of the Public Procurement Office that gives information about each amendment to the PPA on ongoing basis.²⁸

The Beneficiary must keep (archive) all procurement related documents in the Project file.

The **legal framework of the Slovak Republic** for procuring goods, services and construction works from public funds is primarily applicable to the Beneficiary.

Expenses resulting from procurement (by a Partner) under the legal framework of third countries receiving official Slovak development aid are **applicable within reason** and must primarily comply with rules and regulations where the expense incurred, complying with the requirements of transparency, economic efficiency, effectiveness and expediency in spending public funds.

Pursuant to Section 1, par. 12 c) of the PPA, costs are considered in particular as costs incurred in third countries or directly in connection with the implementation of development aid.

3.1 Basic requirements during public procurement

Pursuant to the PPA, the Beneficiary is obliged to make a **procurement plan for goods, services or construction works** of the same character as the subject of the given contract for the calendar year and the total duration of project implementation under which the given Contract is to be announced. When drafting a procurement plan, the Beneficiary is obliged also to consider expenses for goods/services/work procured under other projects funded from public resources designated for its own needs on behalf of the organisation. Minimum requirements of data and information contained in the procurement plan are:

²⁷ In duly justified cases SAIDC may accept higher rates. Eligibility shall be assessed on an individual basis.

²⁸ <http://uvo.gov.sk/legislativametodika-dohlad-2ab.html>

- a) name of the Contract's subject,
- b) brief description of the Contract content;
- c) estimated Contract value/Contract value excluded VAT;
- d) procedures used in awarding the Contract;
- e) structure of the Contract by expected value;
- f) scheduled date of awarding the Contract.

3.1.1 Estimated Contract Value ("ECV")

Pursuant to Section 5 par. 1 of the PPA, "the Contract is above-the-limit, below-the-limit or small-scale Contract depending on its estimated value." Pursuant to this provision, when procuring a Contract, i.e. any goods, services or construction works, **the Beneficiary is obliged to calculate the estimated Contract value prior to public announcement of a public procurement.**

The Beneficiary is obliged to write minutes (report) from its setting of the ECV.

Pursuant to Section 6 par. 1 of the PPA " *estimated Contract value is determined as a price excluding value added tax. The Public Procurer and the Procuring Entity determine the ECV based on the data and information on similar or comparable object of contract. If a Public Procurer or Procuring Entity do not have such information (as defined by the second sentence) available, it will determine estimated value based on information from market price research (collecting bids) or based on data collected otherwise in an appropriate manner. Estimated Contract value is valid at the time the announcement on initiating public procurement has been sent out or from the time of notification used as a call for tender; if publishing of such notification is not required, estimated value is applicable at the time when the process of awarding the Contract has been initiated.*"

The determining financial limit is the estimated price for each individual subject of Contract in EUR excluding VAT for one calendar year or for the time duration of an Agreement with Subcontractor if it exceeds one calendar year. This limit includes planned procurements related to daily operations of the organisation, including those involving recurring transactions, if this activity is funded from public resources.

Important notification: Pursuant to Section 6 par. 16 PPA, it is not possible to split the Contract or to choose a way of setting estimated value with the aim of decreasing estimated Contract value to under the financial limits set by the PPA.

If a Contract consists of various parts, items, set of objects or separate objects that are procured together (from one subcontractor), the total estimated price of the subject of the Contract must be considered, not its individual parts.

Calculation of estimated Contract value pursuant to Section 6 of PPA is a mandatory part of the Public Procurement documentation.

The Beneficiary must calculate ECV based on the following information, including:

- market price research, by requesting at least three offers (bids) from potential subcontractors²⁹;

²⁹ In extraordinary cases, when the subject of the contract is unique, the Beneficiary may approach/identify less than three potential applicants. The Beneficiary must duly justify and document this exception.

- market price research of potential subcontractor websites; the procurement files then must include e.g. print screens from these websites, including the date of the print screen;
- from its own database on real costs of a similar or comparable commodity procured in the previous calendar year (adjusted by expected changes), in line with the PPA;
- from prices of similar or comparable items at the time of calculating the estimated contract value identified at the websites of Central Registry of Agreements and Contracts and/or Electronic Contracting System listed in the quotations of successful applicants or in contracts concluded with successful applicants;
- from the current catalogues of potential subcontractors (documents available at websites);
- from a priced budget by a planning engineer, valid at the time of sending the tender announcement or information used as a call for offers (bids) to be published or statement of the planning engineer on the currency of the budget for construction works (the priced budget or statement of the planning engineer must not be older than three months prior to the public procurement announcement); the priced budget, or statement of the planning engineer must be signed, dated and stamped by the planning engineer;

or by a combination of the above.

If the procured Contract value is higher than the estimated value (budget), SAIDC will only reimburse expenses up to the amount listed in the Grant Agreement.

As the PPA does not apply to a Contract which ECV is below than €5,000 during a calendar year or during the term of the Contract, if the Contract is concluded for a longer period than one calendar year it is not necessary to carry out a market investigation nor to carry out any other specific procurement procedure and the Contract may be awarded directly at its own discretion (point 3.1.2.1).

3.1.2 Rules applicable when awarding and controlling contract exceptions

PPA, Section 1 par. 2 to 12 lists cases when the mandatory procedures pursuant to the PP Act are not applicable. In such cases, the Beneficiary ensures the transparency and verifiability of all actions during contract implementation as well as the economic efficiency of expenses. The Beneficiary must duly justify each case of such exceptions, supporting it with relevant files and documents demonstrating such a case.

Rules specified here do not apply to work contracts governing working relations other than employment or similar forms of work pursuant to Section 1 par. 2 e) of the PPA.

The Beneficiary must carry out market price research (in all procurements, including services rendered under the Copyright law, delivery of services by self-employed persons, and contracts of mandate [*mandátna a príkazná zmluva*] with natural persons) if the ECV proves that it is a Contract with a financial limit of more than €5,000 The Beneficiary must identify/approach a minimum of **three potential suppliers**.

When carrying out market price research by approaching potential suppliers, the Beneficiary must give adequate time for submitting bids. The **call for submitting bids must contain in particular the following:**

- a. the Beneficiary's identification information;
- b. description of the subject of the Contract;
- c. assessment criteria (lowest price, best price-quality ration, or cost efficiency in particular with reference to the life cycle);

- d. participation criteria (e.g. for this type of a contract it is sufficient to submit a copy of authorisation to deliver, provide and implement the subject of the Contract);
- e. deadline for submitting bids with address where the bid must be submitted. The deadline for submitting bids must be adequate for the subject of the contract and may not be less than three working days from the date of sending out the call for bids (offers);
- f. how the bid envelope is to be marked (address of Beneficiary, address of applicant, notice: "Do not open" and "Name of the Contract");
- g. date when the call for bids was prepared; and
- h. signature of a person authorised to carry out a market price survey.

When carrying out market price research, the Beneficiary must follow the above principles and must examine if participation criteria were fulfilled. The Beneficiary reviews the bids pursuant to the criteria set forth in the call for bids. The Beneficiary must make a record of the market price research.

The Beneficiary must inform all participants (potential suppliers) about the results of the call for bids.

When awarding contracts for goods, services and construction works, the Beneficiary must follow the principle of equal treatment, non-discrimination, transparency, proportionality, cost efficiency and effectiveness.

The Beneficiary must proceed according to these rules.

3.1.2.1 Direct awarding of a contract based on estimated contract value

The Beneficiary must follow the principle of economic efficiency and must not knowingly award a contract directly to an applicant that would provide unfavourable conditions for contract implementation.

The Beneficiary may award the contract for goods and/or services directly if the value of contract is below €5,000 excluding VAT.

A direct contract may be awarded through a direct purchase order. The contract may be directly ordered provided the documents accompanying the subject of the contract are sufficient for its use, for possible claims in case any defect or insufficiency is identified while under warranty, or for exercising other rights in the future. Otherwise, the Beneficiary will instead enter into a contractual agreement.

3.1.2.2 Awarding contracts based on market price research (1/2)

The Beneficiary may award a Contract based on market price research for delivering goods and/or services, if the Contract value greater than or equal to **€5,000** excluding VAT to **€70,000** excluding VAT.

The Beneficiary may award a Contract based on market price research for carrying out construction works, if the Contract value greater than or equal to **€5,000** excluding VAT to **€180,000** excluding VAT.

The Beneficiary will select the supplier from amongst the potential suppliers based on the information collected through the market price research, respecting the principle of economic efficiency, such that the expenses incurred correspond to the quality and price of the Contract.

The Beneficiary must carry out **market price research** from at least three selected suppliers that can deliver goods and services and can perform construction work, and have required references, with whom the Beneficiary has had prior positive experience. At the same time, the Beneficiary **must publish the market price research results** at its website or partner's website depending on the location where the contract will be ordered and purchased. If publishing such information on the partner's website is not possible due to objective reasons (e.g. the partner has no website or because of security issues), the Beneficiary must send prior written notification about such circumstances to SAIDC with due justification.

The market price research may be performed via:

- a) email; or
- b) written correspondence.

If market research is performed via email or written correspondence, the Beneficiary will send the selected applicants a call for submitting offers/bids. The call must contain:

- a) information on the Beneficiary;
- b) detailed specification of the subject of the Contract;
- c) estimated contract value;
- d) place, date and form of submitting a bid;
- e) selection criteria and means of assessing the bids;
- f) application deadline;
- g) the period for which the bid is valid; and
- h) further information, if applicable.

When selecting a form of market price research pursuant to the principle of economic efficiency, the following must be considered:

- a) costs of carrying out market price research;
- b) total contract value including transportation or volume discount etc;
- c) delivery deadline; and
- d) other facts depending on the type of the subject of the contract.

The Beneficiary/partner must **follow the principle of economic efficiency** also with a view to the chosen location for implementing the Contract such that Contract-related costs, including delivery, service/maintenance etc, are not unreasonably increased.

To review submitted bids, the Beneficiary must **establish a selection committee of at least three experts** and must take minutes during the evaluation process. The Beneficiary is obliged to document duly its market price research: to publish the information on the website, produce minutes from the evaluation of bids and an affidavit of a member of the Evaluation Committee.

3.1.2.3 Awarding contracts based on market price research (2/2)

The Beneficiary may award a Contract upon market price research for delivering goods and/or services with a value greater than or equal to **€70,000** excluding VAT and below the financial limit for the above-the-limit contract for delivering goods or services.

The Beneficiary may award a contract upon market price research for construction works with a value greater than or equal to **€180,000** excluding VAT and below the limit for the above-the-limit contract for construction works.

The Beneficiary will select the supplier from amongst the potential suppliers based on the information on contract subject, respecting the principle of economic efficiency, such that the costs incurred for securing the contract correspond to its quality and price.

The Beneficiary must carry out market price research **from at least five selected suppliers** that may deliver goods and services/construction works, and have required references, and with whom the Beneficiary has had prior positive experience. At the same time, the Beneficiary **must publish the market price research results** for the contract or partner's website, depending on the location where the contract will be ordered and purchased. If publishing such information on the partner's website is not possible due to objective reasons (e.g. the partner has no website or because of security issues), the Beneficiary must send prior written notification about such circumstances to SAIDC with due justification.

The market research may be performed via:

- a) email; or
- b) written correspondence.

If market research is performed via email or written correspondence, the Beneficiary will send the selected applicants a call for submitting their offers/bids. The call must contain:

- a) information on the Beneficiary;
- b) detailed specification of the subject of the Contract;
- c) estimated contract value;
- d) place, date and form of submitting a bid;
- e) selection criteria and means of assessing the bids;
- f) application deadline;
- g) the period for which the bid is valid; and
- h) further information, if applicable.

When selecting a form of market price research pursuant to the principle of economic efficiency, the following must be considered:

- a) costs of carrying out market price research;
- b) total contract value including transportation or volume discount etc;
- c) delivery deadline; and
- d) other facts depending on the type of subject of the contract.

The Beneficiary/partner must **follow the principle of economic efficiency** also with a view to the chosen location for implementing the Contract such that Contract-related costs, including delivery, service/maintenance etc are not unreasonably increased.

To review submitted bids, the Beneficiary must **establish a selection committee of at least three experts** and must take minutes during the evaluation process. The Beneficiary is obliged to document duly its market price research: to publish the information on the website, produce minutes from the evaluation of bids and affidavit of a member of the Evaluation Committee.

3.2 Minimum requirements for public procurement

The Beneficiary/partner must prepare clear guidelines for each public procurement process or **Report on market price research (included as Annex no. 9)** that defines key characteristics of the public procurement carried out, pursuant to the principles stipulated in the PPA and these Financial Guidelines.

4. COFUNDING

Pursuant to Section 7, par. 5 of Act No. 392/2015 on Development Aid and on changes and amendments to some of other acts the level of mandatory project cofunding is **specified in the Call for Grant Proposals**.

The cofunding by the Beneficiary must be reflected in the project budget, which forms part of the Agreement. The Beneficiary must submit a spending report and must also demonstrate the use of its own resources for cofunding eligible project expenses, at least at the level (in %) set in the call for proposals, towards the total eligible project costs (i.e. 10.00%).

The Beneficiary must demonstrate the level of cofunding not later than in the final financial report. SAIDC will verify the level of demonstrated cofunding when auditing the final financial report. **The final level of cofunding will correspond to the set limit and actual drawing of the Grant.**

If the mandatory level of cofunding is not respected, the Grant will be reduced by the amount of the unfulfilled mandatory cofunding.

5. INTERIM AND FINAL REPORT

The Beneficiary must submit Interim and Final Project Reports by the deadlines set forth in the Agreement, using forms included as Annex no. 2 and 3 to these Guidelines. The Beneficiary is not obliged to submit an Interim Report for the last two months of project implementation, since they are solely for reimbursing expenses and preparing the final financial report and Final Project Report. The Final Project Report does not take the place of the Interim Report.

Unless otherwise stated in the Agreement, instalments in the projects are disbursed following:

The Beneficiary is obliged to provide **the Interim report**, always after the half-year period from the beginning of the project implementation. For the one-year project two interim reports are foreseen and for two-year projects 4 interim reports are foreseen.

The Beneficiary is obliged to provide the **Final Project Report** after the termination of implementation period of the project. Final Project Report evaluates the overall project results, which were partially evaluated in the interim reports.

6. PAYMENT REQUEST PROCEDURES AND GRANT FINANCIAL REPORTING

6.1 Payment request procedures

The Beneficiary must submit a verified Financial Report on expenses related to individual payments under the Grant, as stipulated in the Agreement.

SAIDC will send payments (instalments) to the Beneficiary upon written request in the amount and by the date specified in the Agreement. The amount of individual instalments and payment dates are specified in the Grant Agreement.

If the Grant is awarded to a non-business entity: the first part of the Grant is provided upon the Agreement's signing, without any documented expenses. If the payment date of an instalment corresponds with the beginning of a calendar year, the Grant instalment will be paid to the Beneficiary only after the funds are released from the Ministry of Finance of the Slovak Republic to the SAIDC budget.

The Beneficiary may request the next instalment in the amount approved in the Agreement only upon approval of the Interim Report. The Beneficiary may not apply for two or more instalments at once.

The Beneficiary is entitled to the next payment only if it drew and reported on a minimum of 90% of the awarded payment. Unused payments accumulate and generate a *balance*. The next payment can only be made if the *balance* is less than or equal to 10% of the last paid instalment. If reported expenses exceed the payment made, the cumulative *balance* will be decreased by that amount. The amount of the next payment is not adjusted by the full balance amount; the balance serves to assess the level of payments drawn (in %).

Unless otherwise stated in the Agreement³⁰, **instalments in the project are disbursed following:**

- The first instalment **in the amount of 50%** from the total financial contribution, will be paid within 30 working days from the written demand submitted by the Beneficiary
- The second instalment **in the amount of 40%** from the total financial contribution, will be paid within 30 working days from the written demand submitted by the Beneficiary
- The final instalment **in the amount of 10%** of the counted and eligible costs from the whole implementation period of the project will be reimbursed by SAIDC.

If the Grant is awarded to a business entity: The Beneficiary is entitled to individual instalments only upon approval of the Interim Report, unless otherwise specified by the Agreement. The payments have the character of refunds. The Beneficiary is only entitled to payment up to the reported expenses. If the expenses exceed the agreed amount of the Grant instalment, the payment may be increased by a maximum of the amount of the previous undrawn payments.

The Beneficiary submits applications for instalments pursuant to the time schedule agreed under the Agreement. This application is submitted using the form that is included as Annex no. 6 to these Guidelines. SAIDC will review the formal accuracy of the application. In case of any discrepancies, it returns the application to the Beneficiary. If Grant eligibility requirements are met, the funds will be transferred to the Beneficiary's project account within 10 working days. SAIDC reserves the right to extend this period in case of a shortage of available funds.

6.2 Procedures and principles of financial reporting of Grant

The Beneficiary must submit a financial report and copies of accounting documentation together with Annex no. 5 (Cost accounting and reporting) to SAIDC by deadlines outlined in the Grant Agreement (in hard copies or soft

³⁰ In case of projects with a high investment part at the beginning of the project implementation, SAIDC will agree with the Beneficiaries individual repayments, which will be stated directly in the agreement.

copies). SAIDC will submit the Financial Report together with all documents to an auditing firm, which will audit all documents and subsequently inform the Beneficiary about the Auditor's report's approval. For the purposes of its final decision, the auditing firm is authorised to request additional information from the Beneficiary throughout the whole financial control. The Beneficiary may apply for the next/final instalment in line with the provisions of the Agreement only upon approval of the Auditor's report and relevant Interim/Final Report pursuant to the timeline specified by the Agreement.

If the Beneficiary fails to submit a financial report, together with the copies of accounting documentation, the auditing firm is entitled to invite the Beneficiary on sending the required, missing accounting documents. The Beneficiary is obliged to submit the required accounting documents to the auditing firm within the 5 working days from the date of sending the Call from the auditing firm. In the case of repeated failure of the Beneficiary to submit the missing accounting documents within the 10 working days from the SAIDC' written demand, SAIDC reserves the right to avoid an agreement, pursuant to Section 13, par.13.2 (d) of the agreement, and request for the payment of the full pre-financing amount, pursuant to Section 13, par. 13.4 of the agreement. SAIDC is informed electronically that the Beneficiary has not submitted the accounting documents by the auditing firm.

The deadline for the payment of the next/final instalment needs to be extended by the time of fulfilment of the terms of submission of the required accounting documents, by the Beneficiary.

SAIDC may suspend the term for the payment at any time, stated in the agreement, by officially notifying to the Beneficiary that its financial report and the corresponding accounting documents have not been submitted pursuant to the provisions of the agreement, or due to the lack of the appropriate supporting documents, or there are any doubts exist on the eligibility of reported costs. The Beneficiary submits a financial report on incurred expenses related to project activities in the euro. If the documents are in another currency, the Beneficiary must also submit an exchange rate and the source of the exchange rate.

The Beneficiary will keep accounts according to the structure of expenses (by subgroups) and budget items, as approved in the budget and duly adjusted subsequently or based on notification and application for adjustments (transfers) between budget items. Funds expended must be listed on "N1,2,3_zoznam" (N 1,2,3_list) in the given structure.

The accounting must follow the approved number of units and unit prices. In case of major deviation from the original number of unit and unit prices, the Beneficiary must justify such changes (deviations) when submitting financial reports to SAIDC. Any changes in units of measurement are subject to approval by SAIDC.

The Beneficiary submits financial reports by the dates outlined in the Agreement. Expenses will be considered as eligible only provided that accounting documents and other receipts are attached (see chapter 7.5.). The Beneficiary has a minimum of 30 working days for preparing a financial report. This period also serves for reimbursing expenses from the previous accounting period. This does not apply to the final financial report.

Reporting periods are set from the start of the implementation of the project, not from the start of the calendar year.

For one-year projects, the Beneficiary is obliged to submit one final financial report.

For two- year projects, the Beneficiary is obliged to submit two financial reports.

The Beneficiary is obliged to submit all financial reports in accordance with the terms specified in the agreement to the SAIDC.

Unless otherwise stated in the Agreement, financial reports in the projects **are disbursed following:**

The Financial report of the grant has to be provided always after the elapse of one implantation year of the project. The financial periods are set from the beginning date of the project, not from the beginning of the calendar year. In the **one-year projects**, one Financial report will be set only at the end of the project. In **two-years projects**, the first Financial report will be set after the termination of 12 months from the beginning of the project and the second final Financial Report will be provided after the termination of the project.

The Beneficiary must submit the following accounting documentation:

a. **Cost accounting and recording** – inter alia, the statement must indicate which advance is being accounted for, the total stated amount, the time period for which the statement is submitted, the amount of capital costs, and the budget version the statement is to be compared to. If this is a final financial report, this must be labeled as “Y” in the “Final financial reporting” field; the individual advance should be indicated here, only the cumulative amount of already-paid advances. The field “Amount for settlement” must give the amount for the last accounting period.

b. **Electronic version of the “Project budget”:** the Beneficiary must complete the lists “N1,2,3_list” and “N_JED” pursuant to the above instructions. The Beneficiary must upload the Project budget file into the Grant Management.

c. **Certified copies** of the Beneficiary's tax documents and accounting documentation (payment receipts etc) and copies of the partner's accounting documentation demonstrating eligible costs must be submitted by the Beneficiary to SAIDC. All accounting documentation must be identified with the budget sub-item number which they correspond to. A person authorised by the Beneficiary verifies, with a stamp, date and signature, that the originals conform to the copies thus submitted. The Beneficiary must submit a copy of proof of payment for each eligible cost document (e.g. bank account statement, cash receipt with a signature of the recipient), or mark a clear reference on copies of bank account statements to a document (item) paid for by transfer. Documents of Slovak origin lacking attributes of tax or accounting documentation (such as receipts) pursuant to the Slovak legislation cannot be accepted (e.g. advance invoices if they do not attach a final invoice). On all documents in languages other than Slovak the Beneficiary must indicate in Slovak language the type of document and name of goods or services, and confirm the accuracy of translation with his/her signature.

d. **Copies of all project bank account statements for the given period.** The Beneficiary must submit individual parts of bank account statements from other current accounts of the Beneficiary or partner if they were used for paying eligible project expenses. It must be clear to whom the money was transferred from the bank account as well as the number of the Beneficiary's account, variable payment identifier (variabilný symbol), date of payment and amount paid. For payments in foreign currency, if the bank account statement does not indicate all the above details, the recipient must attach a transfer order or payment notice or other documentation with the given details. If the Beneficiary or a partner transfers the Grant or part thereof into its treasury, it must submit a statement of project income and expenses from/into the treasury, labelling them with numbers of deposits and withdrawals; copies of these then must be attributed individually to each expense or are presented cumulatively in the ledger. The Beneficiary then must attach a document on eligible cost. If the Beneficiary or partner has a treasury in a currency other than euro, it must state an exchange rate calculation to euro for each money transfer.

e. If the Beneficiary does not list expenses individually in the Project budget file in N1,N2,N3_zoznam (N1,N2,N3_list) but rather in summary items, or if the Beneficiary divides the total amount such that the eligible cost represents only

one part of the total, the Beneficiary must present all supporting calculations and a table of calculation so it is clear which expenses are included in the total sum or how the expense is structured.

The Beneficiary submits or **archives documents for the purposes of audit/control** such that it is possible to clearly check the values and sums in the electronic file Project Budget in the sheet named N1,N2,N3_zoznam (N1,N2,N3_list). For the purposes of control/audit, the Beneficiary submits or archives all documents in standard office folders. Documents consisting of multiple pages need to be stapled so that they are not divided. Documents of smaller size than A4 (written cash receipts etc.) need to be glued or stapled to A4 sheets of paper such that they do not overlap. The Beneficiary must cooperate during audit/control in order not to disrupt the timeline of Grant instalments specified by the Agreement.

The Beneficiary/partner proves eligible expenses claimed under a given project by relevant accounting or other documentation. Eligible expenses that are not duly supported by documents are considered non-eligible.

The Beneficiary proves the following basic facts through accounting and other documentation that:

- a) the expense was incurred and paid for in due time; and
- b) The expense was directly related to project implementation and indispensable for project implementation.

Submitted accounting documentation that does not comply with all the above requirements simultaneously are not proof of eligible expense.

6.3. Final financial report, final payment

The Beneficiary reports the Grant funds in its final financial report by groups of expenses (approved budget structure) and by the budget items. The Beneficiary must ensure that the conditions and provisions of the Agreement apply to all its project partners.

It is recommended that Beneficiaries check the level of costs related to individual budget items at least once a month. Such regular checks of expenses by budget items will prevent overruns and problems during final financial reporting.

The final payment, which is a refund payment, will be transferred to the Beneficiary's account only upon complete financial reporting of all project expenses. That means the Beneficiary must cover expenses from its resources and SAIDC will make the final payment only based on the complete final financial report. The Grant may not lead to generating profit for the Beneficiary and must be limited to an amount needed to cover project expenses. The final payment is in the amount of at least 10% of the total Grant amount.

A request for final payment (final Grant instalment) is submitted by the Beneficiary upon the approval of the Final Report and Final Financial Report using the requested form. SAIDC will review the formal accuracy of the application. In case of any discrepancies, it returns the application to the Beneficiary for necessary corrections. If Grant eligibility requirements are met, the funds will be transferred to the Beneficiary's project account within 10 working days. SAIDC reserves the right to extend this period in case of a shortage of available funds.

In case of a duplicate payment or payment greater than the amount for which the financial report has been submitted, the Beneficiary must return these funds without any undue delays within 10 working days from the date it was identified or notified thereof.

6.3.1 Project accounting

Pursuant to Section Act No.431/2002 on Accounting as amended (hereafter the “Act on Accounting”), accounting units are legal entities with a registered office in the Slovak Republic, foreign entities doing business in Slovak territory, foreign nationals doing business in Slovakia or performing other types of activities as defined by separate rules and regulations (e.g. foundations) and natural persons doing business or self-employed if they prove their expenses were incurred in connection with achieving, providing and sustaining income for the purposes of an identifying tax assessment base for income tax, with the exception of natural persons whose tax reporting is under a special tax regulation.

Pursuant to the Act on Accounting, each accounting unit must maintain simple or double-entry bookkeeping.

Pursuant to the Act on Accounting, Section 8, the Beneficiary must keep its accounting correctly, completely, with documentation, clearly, and such that it ensures the permanent character of its accounting records.

Accounting of an accounting unit is:

- a) correct if the accounting unit keeps its books in line with the Act on Accounting and other applicable regulations;
- b) complete if the accounting unit enters each transaction during the accounting period in the books;
- c) documented if all accounting records are demonstrable and the accounting unit carried out an inventory;
- d) clear if it is possible to identify reliably the content of transactions according to accounting principles and methods and the content of accounting records according to applied forms of accounting records; and
- e) permanent in character if the books are kept in a way that ensures durability of accounting records if the accounting unit is able to provide for this throughout the processing and archiving period.

A Beneficiary that is not an accounting unit must keep records of project-related assets, liabilities, income and expenses in its books, with items identified as project-related in words and numerically. Such Beneficiary must within reason apply provisions of the Act on Accounting, accounting records, accounting documentation, and valuation methods, when keeping such records, supporting entries and asset valuation methods.

If the partner has a registered office or place of business outside of the Slovak Republic, it must keep its accounting related to the provision of aid pursuant to the legal regulations of the country of its registered office or place of business.

6.3.2 Eligible expenses – general conditions

When reviewing eligibility of expenses, the reviewed categories include the type of expense, when it incurred and when it was paid for. The expense must be incurred and paid for during the project implementation period specified in the Agreement.

The date the expense is incurred is the date the transaction occurred. This date is indicated on the accounting documentation (e.g. receipt).

The date the transaction occurred is the date of delivery, payment for a liability, cash disbursement for a receivable, transfer of receivable, payment or receipt of advanced payment, or transfer of assets within the accounting unit, as well as the date when other facts were identified resulting from specific regulations or the accounting unit’s internal

guidelines or internal conditions/rules that are subject to accounting and that occurred in the accounting unit, providing the accounting unit has necessary supporting documentation available.

Accounting documentation issued to an entity that is not required to pay VAT originate on the date of transaction, which is required information in accounting documentation. In most cases, the transaction date is identical with the time the accounting documentation is issued.

In order to evaluate eligibility of an expense it must be proven that all expenses were paid out³¹. This payment may be proven e.g. by bank account statement, written cash receipt, cash register receipt, or a simplified tax document.

6.5 Supporting documentation for eligible expenses by categories

Supporting documents are either presented in writing (original or copy of a documentation³²) or electronically. Request for payment/reporting and documentation for this request (including accounting documentation and documents for expense reimbursement) need to be submitted to SAIDC in one copy.

When substantiating overhead costs, summary sheets as an internal accounting document must be used, and must contain the following:

- a) A summary table specifying type of cost, amount, number of accounting documentation under which the document is entered in bookkeeping, payment date, and number of the document demonstrating the payment for the expense.
- b) total amount of overhead costs for the given period,
- c) summary table calculating the ratio of project-related overhead costs (e.g. if only part of rented spaces is used for project purposes, or only some of the phone lines; or the project's ratio of expenses for electricity, heating, maintenance etc)

The Beneficiary does not submit copies of the tax documents when submitting documentation supporting overhead costs. The Beneficiary confirms the veracity of the information indicated in the table with an affidavit by an authorised individual (authorised to act on behalf of the Beneficiary) with signature on the table submitted.

6.5.1 Personnel expenses

When claiming and documenting personnel expenses, the Beneficiary must prove the existence of an employer-employee relationship under which the employees perform project-related works and the volume and type of work they performed within the project framework.

When claiming personnel expenses, in particular the following documents must be submitted:

- a) Employment based on work contract³³

³¹ Proof of payment for expenses does not relate to expenses incurred as overhead expenses or those incurred as in-kind contributions and depreciation.

³² Copies of documents must be signed by the Beneficiary's statutory representative (or an individual so authorised); this is only required for documents proving payment for expenses (such as bank account statements). If the documentation consists of various documents, each must comply with the requirement in the first sentence. Statements from the state treasury do not require copies of documentation.

³³ Including employment in the civil service.

1. Work contract or by addendum to work contract and job description (specifying job description for the project/projects) or description of activities under the civil service, and suggested salary, including annexes to the above documents;
 2. time sheet,
 3. payroll or other relevant document (pay record, pay slip),
 4. proof of payment,
 5. calculation of eligible pay and payroll deductions, and
 6. accounting documentation.
- b) Work contracts for work outside of employment frameworks
1. Agreement on working activity (dohoda o vykonaní práce) or other type of agreement under the Labour Code;
 2. time sheet,
 3. payroll or other relevant document (pay record, pay slip),
 4. calculation of the expense,
 5. proof of payment, and
 6. accounting documentation.

Work agreements and agreements on working activity must be concluded under the Labour Code, Act on Public Benefit Work or Act on Civil Service. They must comply with all formal requirements of work agreements/agreements on working activity pursuant to these acts. Work agreements/agreements on working activity and their annexes (addendum to work contract) also must contain:

- a) identification of the project in which the employee is involved; and
- b) a job description relevant for project purposes.

When documenting personnel expenses to SAIDC, the Beneficiary must also identify the account of the employee or of an authorised individual if the account is not identified in the work agreement (or agreement on working activity).

Educational and training activities (e.g. lecturing, training) must be documented by a list of participants signed by the trainer, lecturer, teacher³⁴ or other individual delivering training activity and the timeline of those activities (e.g. lectures, training)³⁵.

The time sheet must include in particular the following:

- a) identification of the project;
- b) name of the entity;
- c) clear employee identification and work position (with reference to budget item that covers personnel expenses); time frame (month and year when activity was performed);
- d) scope of work in time as identified in the contract and description of activities performed under the project in specific days;
- e) detailed description of activities and outcomes; general formulations like “administrative work” or “project management” are not sufficient; activities must also be reported on days corresponding to actual implementation; and
- f) Signature of employee and statutory representative or individual authorised by the Beneficiary.

³⁴ The list of participants must also be signed by the participants in those training activities.

³⁵ If the training activities are not organised by the Beneficiary but by sending staff/experts/persons to the given training activities, the claimed expenses must be documented in an alternative manner allowing verification of the services actually delivered and the participation in the given activity.

Activities and volume of work on the time sheet must correspond with work actually performed within the reported period and must be in line with records on time worked as kept by the Beneficiary.

The expenses which are linked with other personnel, whose is, however, necessary for the direct project activities (e.g. guard, chauffeur, regular medical staff, local teachers, farm workers), will be reported summary in table, that forms part of the annex no.10. During the reporting of this type of personnel, the recipient does not submit additional documents. The veracity of data's in the summary table will be confirmed by a solemn declaration.

6.5.2 Travel costs

Travel costs (domestic and foreign business trips) may be claimed and documented as follows:

- a) Travel order form, containing the following data: employee name and surname, consent to business trip with the employee's signature, start of travel, place of activity, purpose, end of travel, and set means of transportation.

The completed business travel report includes the following: date, hour and place of departure/arrival; in case of foreign business trips also the time of border crossing; in case of public transportation (local or other) the ticket price; in case a motor vehicle is used the distance in kilometres; meal allowance during business travel, necessary additional expenses; total amount of travel reimbursement; dated signature of authorised staff who received the business travel report; number of accounting documentation for payment of travel expenses (number of written cash receipt or bank account statement), dated signature of the employee, the cashier and the superior in the organisation when reimbursing travel expenses;

- b) Transportation ticket, boarding pass (if applicable);
- c) Proof of payment (for e.g. accommodation, travel costs etc);
- d) Written report on business trip – a brief report from each business trip that will contain the following information: who took the business trip and where, relevance of the trip for the project, and brief description of the outcomes (conclusions from negotiations, implemented activities – e.g. training etc);
- e) If a private motor vehicle was used for business purposes³⁶ – information on the travel costs by public transportation (e.g. electronic confirmation of a price from a carrier);
- f) If a motor vehicle of the organisation was used for the purposes of a business trip: request form for transportation (the relevant form for project-related transportation), driving log (relevant pages from the log) showing project-related business trips, invoice or receipt for fuel purchase, copy of the vehicle's technical certificate, and method of calculating eligible expenses for fuel;
- g) Supporting documentation on travel costs by public transportation (e.g. ticket);
- h) Documentation on necessary additional expenses (e.g. taxi services including written justification for using the service, parking receipts, highway toll receipts, left-luggage receipts etc);
- i) Method of calculating eligible expenses (if applicable);
- j) Travel reimbursement agreement (if applicable);
- k) Accounting documentation (if travel report is not official accounting documentation).

6.5.3 Other expenses – External services (outsourcing)

This relates to supply of contracted external services pursuant to e.g. the Commercial Code or Civil Code. The most frequent types of services that can be considered as eligible expenses include: publications, training materials, manuals, expert services, studies, analysis, research, publicity, and conference and training course expenses including expenses for meals and accommodation of participants. In particular the following documents need to be presented when documenting expenses related to external services:

³⁶ SAIDC requires documenting travel costs in a reasonable manner pursuant to point (f) above if the amount of expenses is set at a maximum of the amount of eligible fuel consumption.

- a) written agreement³⁷ and annexes;
- b) invoice or relevant accounting documentation;
- c) certificate of acceptance³⁸ on performing activities/services;
- d) list of participants (if applicable);
- e) proof of payment;
- f) method of calculating eligible expenses (if applicable); and
- g) Outputs from delivered services (e.g. publications, reviews, analyses, studies, audit reports, and photographic documentation).

6.5.4 Purchase of tangible and intangible assets (excluding real estates)

In projects that include purchase of tangible and intangible assets (excluding real estates), these expenses need to be supported by the following documentation:

- a) written agreement³⁹, including supplements,
- b) invoice or comparable accounting document,
- c) delivery note or acceptance certificate (if applicable), including signature of a representative of Beneficiary /partner, confirming acceptance and date of acceptance,
- d) proof of payment,
- e) confirmation of including into assets, and
- f) Method of calculating the eligible amount of expense (if applicable).

6.5.5 Purchase of land

In case of purchasing land, above all the following documentation must support the transaction:

- a) purchase agreement;
- b) notification of Land Register of the relevant District Office on entering property titles in the Land Register – a document substantiating title to the land;
- c) document stating that neither the Beneficiary/partner nor any of the previous owners of the land received subsidy from public funds to purchase the given land, e.g. through an affidavit;
- d) accounting documentation;
- e) proof of payment.

6.5.6 Purchase of buildings and procurement of construction works

Purchase of buildings must be supported above all by the following documents:

- a) purchase agreement;
- b) Notification of Land Register of the respective District Office on entering building titles in the Land Register – a document substantiating title to the building,
- c) document stating that neither the Beneficiary/partner nor any of the previous owners of the building received subsidy from public funds for purchase of the given building, e.g. through an affidavit;
- d) proof of payment;
- e) accounting documentation.

³⁷ An agreement entered into pursuant to Act on Public Procurement (below the limit contracts) is also considered as a written agreement.

³⁸ For documenting delivered services, SAIDC also accepts a time sheet as a Certificate of acceptance in case of personnel activity for project management and services of experts.

³⁹ Agreements entered under the Act on Public Procurement (below-the limit contracts for which *electronic market place* was used) are also considered written agreements.

When submitting supporting documents for procurement of construction works, above all the following documents must be included:

- a) invoice or comparable accounting documentation;
- b) photographic documentation of progress of works;
- c) acceptance certificate from supplier/subcontractor and construction supervisor,
- d) written contract;
- e) proof of payment.

Depending on the type of intervention, SAIDC may also request the following documents in case of procuring construction works:

- a) valid certificate of occupancy (if applicable);
- b) construction project documentation;
- c) construction budget/appraised bill of quantities (upon finalised public procurement);
- d) construction diary (those parts that correspond to the period documented in the list of performed work), which should include:
 - 1. day, month, year;
 - 2. number of workers by type of craft;
 - 3. air temperature, weather conditions;
 - 4. start/end time of construction works;
 - 5. construction and assembly works performed, by type of construction works and operating units;
 - 6. delivery of construction products, and waste collection and disposal;
- e) protocol on performed construction works: an annex to the invoice; the Supplier confirms by an authorised individual's signature and stamp that works listed in attached documents are in line with the actual situation and comply with the supplier's requirements listed in the contract. The list of performed works and other related supplier documents must be attached to this documentation as stipulated by the contract. If those documents comply with the above requirements, the protocol on performed construction works does not need to exist as a separate document; and
- f) list of performed work: with each issued invoice, the supplier must attach a list of performed work, in keeping with the requirements below:
 - 1. The itemised list of performed works (supplied goods and services) must correspond with itemised work (goods and services) listed in the bill of quantities as an integral part of the approved contract;
 - 2. The list of performed works must include quantities of activities/works performed by the supplier and quantities of delivered goods pursuant to the budget/ appraised bill of quantities that is an integral part of the contract;
 - 3. The list of performed works must be confirmed by an authorised individual (such as construction supervisor) with his/her stamp and signature;
 - 4. The list of performed works must contain unit prices of items of invoiced works pursuant to the contract;
 - 5. The reporting system for performed works must ensure that performed work will not be reimbursed twice.

6.5.7 Purchase of used equipment

For projects that entail purchase of used equipment, these expenses are substantiated above all by the following documentation:

- a) written agreement⁴⁰, including supplements;
- b) invoice or comparable accounting document;

⁴⁰ Agreements entered under the Act on Public Procurement (below-the-limit contracts for which *electronic market place* was used) are also considered written agreements.

- c) delivery note or acceptance certificate (if applicable), including signature of a representative of Beneficiary/partner, confirming acceptance and date of acceptance;
- d) document on including the used equipment in the assets;
- e) proof of payment;
- f) method of calculating eligible amount of expense (if applicable); and
- g) confirmation (e.g. by affidavit) that neither the current nor any previous owners of the used equipment received subsidies from public funds to purchase the equipment prior to registration of the Grant application.

6.5.8 Overhead expenses

Procedures of financial reporting for overhead expenses are defined under “Supporting documentation for eligible expenses by categories”.

6.5.9 Financial expenses and fees

Bank fees (i.e. expenses related to opening and managing a bank account and financial transactions from/to this account) are reported and documented by bank account statements documenting the amount of expenses and payment thereof, or through other documents issued by the relevant bank that clearly indicate the fees for the given period and payment thereof by the Beneficiary. The same principle applies to expenses for bank guarantees awarded by financial institutions.

Expenses related to issuing a Record from the Business Registry or registration in/record from the Land Registry, notary fees, or asset insurance are documented by bank account statements or payment receipts and proof of payment (in case of asset insurance also by an Agreement on Asset Insurance).

6.6 Archiving of supporting documents

Originals of the documents or verified copies of originals need to be archived, or documents stored on generally accepted data storage media, including electronic versions of original documents or documents existing only in electronic form.

Documents are to be stored in a form that allows for identification of given data for a period no longer than that inevitable for the purposes for which it was collected or processed.

Verification procedures for certifying that documents stored on generally accepted data storage media correspond to the original documents are specified by internal state authorities, and will also ensure the stored versions comply with national legal requirements and are reliable for the purposes of control and audit.

If documents exist only in an electronic version, the computer systems used must comply with accepted security standards that will ensure stored documents comply with national legal requirements and are reliable for audit purposes.

6.7 Expenses in foreign currency

When converting foreign currencies into EUR are recommended the following methods:

- a. **the real exchange rate** (currency exchange rate), for which the foreign currency was purchased,
- b. **the rate used by the bank** to convert the EUR into a foreign currency (e.g. in the case of a transfer of funds to a partner's account, this rate may be used until the amount transferred is spent),
- c. **rate determined and declared by the ECB or NBS on the day of payment.**

When billing costs in foreign currency, **the Beneficiary submits:**

- documents confirming used bank and exchange rates, or
- exchange rate list of used reference rates printed e.g. from the Internet.

In case of using other method of conversion (e.g., applying the arithmetic average of the reference exchange rates when dividing one transaction into several consecutive payments), SAIDC will treat the beneficiaries individually after enough justification.

7. Changes in the project

Changes during the project implementation are permissible if there are necessary or increase the impact of the project.

7.1. Shifting of funds (in the budget)

Shifting financial funds are permissible only during the project implementation period. Any request delivered after the project implementation period will not be considered. Shifting financial funds are permissible as the addition of new items, provided that project outcomes and objectives remain unchanged.

The Beneficiary is obliged to adjust the budget by shifts between the groups or the budget items, respecting the following rule: Any shift may be performed not exceeding 10 % of the amount allocated in the group or item.⁴¹

As outlined in Table 1:

- a cost category is e.g. "Personal costs of professional personnel" or "Travel expenses"
- a budget item is e.g. "Junior expert" or "Accommodation"

For shifts not exceeding 10 % within the cost category for a single calendar year, it is sufficient to notify the change electronically, not later than on the day of submission of the financial report. The Beneficiary is obliged to state these changes at the interim and final report with the explanation.

For shifts exceeding 10%, and transfers between cost categories, the Beneficiary is obliged to submit an electronic request for SAIDC approval and to do it within 5 working days before the change is made. SAIDC will then inform the Beneficiary whether the change is accepted within 10 working days of accepting the Beneficiary's request. The requested change may only be made after SAIDC's approval. In the case of the humanitarian projects, SAIDC will inform the Beneficiary within 5 working days from the acceptance of the complex request at SAIDC.

These terms apply only to the understanding that the Beneficiary submits to SAIDC all necessary supporting documents and information and no additional request for missing documents and information is required by SAIDC.

⁴¹ Example: Shifting up to 10% of the maximum of the Travel Cost group to the Other Services cost group. Approved amount for 'Travel costs' group - EUR 14 000 and approved amount for 'Other services' cost group - EUR 30 000; the financial amount for the cost group 'Travel costs' after the transfer will be EUR 12 600 and the financial amount for the cost group 'Other services' after the transfer will be EUR 31 400. The rule also applies to transfers within items.

Application for change or shifts in budget items must be thoroughly justified; it must include the amount of the change in EUR and percent, and the names of the concerned costs categories and budget items.

The required change is possible to apply after the approval from SAIDC. After SAIDC approves the change, the Beneficiary is obliged to make the change in the budget in the prescribed form as well as the electronic version (GMS), stating the budget version number and sending it to SAIDC within 10 working days.

SAIDC reserves the right to reject any application for budget changes should there be any suspicion of ineffective Grant use, such as an unjustified increase in compensation to professionals in the final days of project implementation or if the change is considered as unfounded.

7.2. Personnel changes

How is specified in the Call, the Organisational Chart form is a mandatory annex to the Grant application that the Applicant is obliged to submit together with CVs of the Applicant's and partner's management, professional and expert personnel. Project Managers of the Applicant and the partner must be known already when submitting the Grant application and their CVs including information noting the length of relevant professional experience and consent to processing their personal data must be attached to the Application. Should the positions of professional and expert personal in the project be unassigned at the time of submitting the Application, the Applicant is obliged to attach detailed job description conditions for the given positions. Upon signing the Agreement, the Applicant is obliged to provide the Organisational Chart at least 50% completed, featuring specific individuals.

In case, if all positions in the Organisational Chart form are occupied, the Beneficiary may occupy them during the project implementation period.

Changes in the Organisational Chart are not subject to approval by SAIDC and these changes are responsible for only the Beneficiary. If any personnel changes come during the project implementation period, the Beneficiary is obliged to notify them to SAIDC, when approving the interim and final reports (the Beneficiary submits the current Organisational Chart, including CVs and consent to the processing of personal data).

If SAIDC, during the checking, discovers the discrepancy between the CVs and required conditions, the discrepancy between rates with terms and the discrepancy in expertise/qualifications of the worker on the project, the risk of ineligible expenses, shall be borne by the Beneficiary. SAIDC points out, that in such cases the amount of the approved Grant may be reduced.

An increase in approved personnel costs is not possible. The only exceptions are situations when the new activity is added to the original project activities which require additional personnel work. In this case, costs may be reimbursed under the shift/shifts in the project budget.

One person can hold more than one position if his/her profile meets the requirements for that position.

7.3. Changes in project activities and in schedule

The Beneficiary may request for the shift of the activity to the next reporting period electronically if there are objective reasons.

The Beneficiary may request for extending of the original activity electronically, if the circumstances in the project require it or if the Beneficiary requests for adding the new activity. These changes may be covered by the saved funds.

Changing of approved activities is not recommended. If circumstances so require, the Beneficiary is obliged to apply for the change in advance – within 5 working days before the planned implementation of the proposed change. The request for change must include a thorough explanation. SAIDC will inform the Beneficiary within 10 working days of accepting of Beneficiary's request. In the case of humanitarian projects, SAIDC will inform the Beneficiary within 5 working days of accepting the Beneficiary's request.

The required change is possible to apply after the approval from SAIDC. The Beneficiary is obliged to make the change in the budget in the prescribed form as well as the electronic version (GMS). SAIDC reserves the right to reject any application for changes.

7.4. Changes requiring addendum to agreement

Any change and addition to the agreement is performed in writing form by an addendum to the agreement. The purpose of the addendum shall not be to perform changes to the agreement which may call into question the decision to submit a grant, or which could violate the principle of equal treatment of the applicants.

The request for change and addition shall be duly reasoned and sent to the other contract party ahead of time, but not later than 30 working days before the end of the project implementation period, specified in the agreement. The request must be justified and it must be clear which activities will be implemented during the proposed project extension period. Project implementation in the last year of its realisation is possible by the end of September at the latest, with the final report being submitted no later than at the end of October.

The addendum shall be deemed to have been signed on the date of its signature by the last Contracting party or on the date of the request for approval of the change or addition. The addendum to the grant agreement shall enter into force on the date on its signature by both contracting parties. It shall enter into force on the day following its publication pursuant to Section 47 (a) of the Civil Code, as amended.

The Beneficiary may apply, based on a written request, for extension of the project implementation period. Such a request can be made no more than twice during implementation period; the total project implementation period may not exceed two years from the year when the Grant Agreement was signed (example: projects starting in 2020 must be completed no later than 2022). Other situations, where it is necessary to conclude addendum to an agreement with SAIDC, are for example change of business name or organisation name, change of company identification number, VAT number, change of recipient's statutory body or change of partner organisation. A change of the partner's statutory body is notified by e-mail.

8. VISIBILITY

The Beneficiary is required to identify all source of project financing (ODA SR) on information notice as follows:

Tento projekt „úplný názov projektu“ v trvaní MM.RRRR – MM.RRRR (doba trvania projektu podľa schválenej zmluvy) bol realizovaný z prostriedkov oficiálnej rozvojovej pomoci Slovenskej republiky.

(This project (full project name) implemented from MM.RRRR – MM.RRRR (project duration pursuant to the approved Agreement) was carried out from the funds of the official development aid of the Slovak Republic.

The logo can be downloaded at the following website: <http://www.slovakaid.sk/sk/novinky-informacie/loga-slovakaid>.

9. LEGISLATION

Act No. 392/2015 on Development assistance act as amended, Act No. 281/2019
Act No. 431/2002 on Accounting as amended
Act No. 513/1991 - Commercial code as amended
Act No. 40/1964 - Civil code as amended
Act No. 311/2001 - Labour code as amended
Act No. 283/2002 on Travel reimbursements as amended
Act No. 222/2004 on Value added tax as amended
Act No. 595/2003 on Value added tax as amended
Act No. 343/2015 on Public procurement as amended
Act No. 231/1999 on State assistance as amended, Act No.434/2001 and Act No.461/2002
Act No. 523/2004 on Budgetary rules for public administration as amended
Act No. 357/2015 on Financial control and audit as amended
Act No. 122/2013 on Personal data protection as amended
Act No. 406/2011 on Voluntary work as amended
Act No. 278/1993 on Managing state assets as amended
Act No. 382/2004 on Experts, interpreters and translators

10 Annexes

Annex no.1: Time sheet - template
Annex no.2: Interim report - template
Annex no.3: Final report - template
Annex no.4: Reporting on meeting measurable indicators - template
Annex no.5: Cost accounting and reporting - template
Annex no.6: Request for payment - template
Annex no.7: Declaration of donation - template
Annex no.8: Consent to the processing of personal data - template
Annex no.9: Record of market price research - template
Annex no.10: Summary sheet personnel costs - template